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Negotiations in Groznyy

Chechens Accused of 'Gross Violation' of Accord

LD3108141095 Moscow Radio Rossii Network in Russian 1300 GMT 31 Aug 95

[FBIS Translated Text] The command of the joint group of the federal forces in Chechnya has accused the Chechen side of gross violation of the majority of the provisions of the agreement on a peaceful settlement in the Chechen Republic. The agreement was signed on 30 July this year. We have learned from a representative of the press bureau of the internal forces of Russia, that a statement adopted by the command of the joint group states this.

In particular, the document points out that since the agreement came into force the federal forces have been attacked and shelled 428 times. As a result of the actions taken by Dudayev militants, 21 Russian servicemen have been killed and 159 have been wounded.

Aide Stresses Dudayev's Involvement in Peace Process

LD3108165195 Moscow INTERFAX in English 1525 GMT 31 Aug 95

[FBIS Transcribed Text] Groznyy, Aug 31 (INTERFAX) — Any attempts to isolate Dzhokhar Dudayev from making decisions on war and peace in Chechnya are doomed to failure and can only damage both Russian interests in the Caucasus and the peace process, Dudayev's representative on the commission supervising the enforcement of agreements on military matters told INTERFAX Thursday.

"The situation in the republic is such that any statement leaving Dudayev out of the peace process is directed at provoking hostilities and keeping the war in its present state," Khamad Kurbanov claimed.

According to him, Dudayev is in absolute control of the situation on the Chechen side. "Everything is subordinate to him, he controls all the processes - at the negotiations, in the enforcement of the agreements on military matters and at the supervising commission," Kurbanov emphasized.

"It seems that the Russian side has not realized yet that if any Chechen political figure is contrasted with Dudayev or Aslan Maskhadov (the Chechen chief of staff), he will be a political corpse in the territory of Chechnya," Kurbanov remarked.

Special Observer Commission Chairmen Note Progress

LD3108164295 Moscow INTERFAX in English 1525 GMT 31 Aug 95

[FBIS Transcribed Text] Groznyy, Aug 31 (INTERFAX) — The Russian and Chechen sides coordinated the implementation of every provision of their military agreement signed on July 30 during a five-hour meeting of the special observer commission in Groznyy today, Chechen military commander Aslan Maskhadov told reporters after the commission's meeting.

Maskhadov, who is also co-chairman of the special observer commission, said the two delegations agreed that their work was going quicker than before. He said he believed that every day the two delegations were becoming more and more confident that both the Russian and Chechen sides wanted to carry out this agreement.

"Mutual trust appears which is very important," Maskhadov said.

Commander of the Russian Troops in Chechnya Anatoliy Romanov said that the disarmament provided for by the military agreement was fully underway in 33 populated areas. He said a total of 905 items of arms had been handed over as of August 30. Romanov said the figure was "likely to go beyond 1,000 today."

Romanov said that before the beginning of the commission's meeting the two delegations had congratulated each other on the completion of the first month of the commission's performance on August 31.

In the meanwhile, Movladiy Udugov, the press and information minister in the Dzhokhar Dudayev government, told reporters that the two delegations had achieved progress on many issues, "except for one over which the Russian side must conduct consultations." However, Udugov declined to name this issue.

No Searches of Groznyy After Disarmament Deadline

LD3108225595 Moscow INTERFAX in English 2043 GMT 31 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 31 (INTERFAX) — There will be no "general searches" in Groznyy after the arms handover deadline expires on September 5, Chechnya Commandant Arkadiy Baskayev told journalists Thursday commenting on his address to Groznyy residents.

The address calls on the residents of the Chechen capital to hand over their firearms from September 1 till September 5, promising rewards from 800,000 to

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one million rubles for voluntarily surrendered weapons. Commandant said that 100 million rubles would be provided for buying weapons from the population.

Weapons not handed over voluntarily will be confiscated by force, reads the address. However, Baskayev stressed that the measure will be used only against those who appear armed in the streets of the city, in which case they will be checked for permission to own weapons.

He said that he issued the address on his own initiative in order to contribute to the implementation of the military agreement signed by the Russian federal delegation and Dzhokhar Dudayev representatives.

The text of the address was agreed on Thursday with Anatoliy Romanov, commander of federal forces in Chechnya, and Chechen Chief of Staff Aslan Maskhadov, said Baskayev.

Lobov Notes 'Positive Aspects' in Chechnya

MM3108185795 Moscow ROSSIYSKIYE VESTI in Russian 1 Sep 95 p 2

[Report by Pavel Anokhin: "Electoral Mandate or Assault Rifle? Overcoming Chechnya Crisis Based on Those Alternatives"]

[FBIS Translated Text] Oleg Lobov, secretary of the Russian Federation Security Council and the Russian Federation president's plenipotentiary representative in Chechnya, emphasized the positive aspects of overcoming the Chechnya crisis at a 30 August press conference on the results of the Russian Federation Security Council session.

And there are indeed many such aspects. Thus, more than 40 oil wells with a total capacity of 3,235 tonnes a day had been restored by late August. Total oil production in Chechnya over the past nine months is already around 120,000 tonnes. Some 240 km of gas pipeline have been restored. Eight new power stations have been commissioned and 31 old ones have been restored, bringing the total length of power lines up to 900 km. Work is actively under way at the three Groznyy TETS [heat and electric power stations], which are scheduled to come on stream in October.

A considerable amount of the Chechen transportation system has been restored. Civil aviation flights from Groznyy to Moscow and Rostov-na-Donu have been resumed. The bus and train stations have been repaired, which has made it possible to reopen rail traffic with Dagestan and transit traffic via Chechnya to the Transcaucasian states. Passenger trains have been running on the Groznyy-Makhachkala-Moscow route, and Groznyy-Mineralnyye Vody suburban electric trains are running again.

The republic's social infrastructure is being revived. There are already 25 medical institutions, 110 stores, and 24 bus routes operating in Groznyy alone. Some 22 schools have been restored, which has made it possible to resume lessons 1 September — albeit in two or three shifts. As a result, residents who had previously left Chechnya are coming back. Hundreds of former refugees have returned over the past month to the capital alone, and the population is already over the 275,000 mark.

Nonetheless, everyone realizes that the situation is not as rosy as they would like, Oleg Lobov made no secret of the major shortcomings in carrying out the work to restore the economy and the social sphere in Chechnya. Winter is approaching, but the problem of restoring destroyed housing has hardly been resolved at all. Only 17 percent of the work envisaged under the federal program has currently been carried out. There have also been holdups to the compensation payments to the population for the damage they have suffered. and this is delaying the resolution of the housing problem on an individual basis.

One of the most acute social problems is employment. There are currently more than 200,000 unemployed in Chechnya. The resolution of socioeconomic tasks is being hampered by the lack of any state banking or treasury structures in the republic. The organization of the fight against crime is being complicated by the fact that there is inadequate backup for the republic's newly created law-enforcement organs. The creation of a judicial system has hardly begun.

But the key problem is the massive amount of weapons held by the republic's population. According to Oleg Lobov's information, around 70,000 weapons are currently held illegally in Chechnya. According to his forecast, around 30-35,000 will be handed in to the federal authorities, the rest will either be hidden by the population "just in case" or kept by "hard-liners." Explaining the reasons for the slow handover of illegally held weapons, he believes that the main "constraint" is the Chechen population's lack of confidence that the agreement on military issues will be fully implemented. "There is a strong feeling in Chechnya that the agreement is not recognized by everyone, hence the need to retain weapons to safeguard your own security and set up detachments to protect population centers," Oleg Lobov said.

The secretary of the Russian Federation Security Council does not deny that "certain political forces in Chechnya are exploiting the cessation of hostilities in the con-

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flict zone to regroup, restore their communications, and prepare for further struggle against the federal authorities." This is also confirmed by information coming in from Chechnya. On 30 August alone — the day the Russian Security Council was in session — gunmen shelled federal troop positions in Chechnya 33 times, including 13 times in Groznyy, wounding 10 men. There was an attack using grenade launchers and automatic weapons on a branch of Moscow's "Menatep" Bank in Groznyy. The attackers managed to gain entry to the branch and stole around half a million dollars. "Menatep" is one of the banks authorized by the Russian Government to finance the process of restoring the Chechen Republic's economy.

This "belligerence" is not only irritating but in some places humiliating to the Russian public. The view that tough measures should be taken against the "hard-liners" is heard increasingly persistently. Everyone realizes that, however many concessions we may make, they will never come to their senses, and each compromise merely increases their demands. It seems as though the federal authorities realize this too. In conversation with this ROSSIYSKIYE VESTI correspondent, Oleg Lobov stressed that while emphasizing peaceful methods of solving the problem, the forces of law and order will use armed methods of combating the gunmen in local situations such as the incidents in Argun.

The coming elections in Chechnya are also undoubtedly a headache for the federal authorities. In a situation when there is virtually multiple authority in the republic and when the "ground rules" have not been laid down, their outcome is unpredictable. And it is entirely possible that war could be sparked off again. Fearing this, Oleg Lobov believes that the range of political issues still to be discussed in Chechnya is pretty wide and contains problems requiring urgent attention. These should be "worked out right now, without waiting for complete disarmament." In his view, the problem of the Chechen elections is directly bound up with the progress of the process of disarming the illegal formations. "The Dudayev side would like the elections to be held 27 October, when Dudayev's 'presidency' ends. Local organs of power would prefer to hold the elections 5 November," Oleg Lobov reported.

According to him, most of the experts at the Security Council session advocated the following scenario: Talks on the election timetable should now be held with all realistic political forces and parties in Chechnya. Then we can begin the nomination of candidates for the coming elections. Experts who have visited Chechnya disagree with that scenario, the Russian Federation Security Council secretary reported. They claim that at a time when the population, including the gunmen, holds 70,000 illegal weapons it would be "illogical" to nominate candidates.

Oleg Lobov believes that disarmament should "basically" be carried out and that the end of the process should be recorded in a document ratified by decisions by the Russian Federation president, local organs of power, and the military. After this we can begin nominating candidates — which, by law, should be concluded no later than two months before elections. How realistic is that scenario? O. Lobov said: "Maskhadov gave us a timetable for disarming the illegal armed formations in Chechnya which made September the deadline for this process. But we consider that deadline too optimistic. So we should not be talking about a precise date for elections in Chechnya as yet."

Oleg Lobov reported that the Russian Federation Security Council had decided to "expand the range of prestigious individuals and organizations with which talks should be held at virtually every level." Russian President Boris Yeltsin had also expressed readiness to get involved in these talks.

Oleg Lobov stressed that Dzhokhar Dudayev remains outside the circle of politicians considered as partners in any possible talks. He does not consider Basayev a political figure. But, in Oleg Lobov's opinion, "Dudayev still has a chance to play a part in a peaceful settlement of the Chechnya crisis." He also stated that "there is still a danger of renewed military confrontation in Chechnya."

Military Operations

Border Commander Cited on Security Agreements

LD3108183895 Moscow INTERFAX in English 1530 GMT 31 Aug 95

[FBIS Transcribed Text] STAVROPOL, Aug 31 (INTERFAX) — The Caucasus border guard district commander, Colonel-General Viktor Zemtsov, has said in an interview he is satisfied with the agreements to tighten up security on the Chechen section of Russia's border with Georgia. The agreements were concluded when the director of Russia's Federal Border guard service Andrey Nikolayev visited Tbilisi.

Of the most important measures he pointed to the reinforcement of Georgian border guard service and the participation of groups of Russian border guards (three to five men) in border security measures in the capacity of observers.

Zemtsov is satisfied with the measures taken to tighten up security on Russia's southern border.

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He is worried about the situation only on one section of Russia's southern border, adjoining the territory of Azerbaijan. There are certain problems there which, he hopes, will soon be resolved.

Politics and Nationalism

Chechnya To Celebrate Independence on 6 Sep

LD3108225495 Moscow INTERFAX in English 2206 GMT 31 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 31 (INTERFAX) — The Chechen State Defense Committee headed by Dzhokhar Dudayev ruled that the fourth anniversary of "the restoration of Chechnya's independence" will be celebrated on September 6 in all towns and villages by "a rite of sacrifice," Movladiy Udugov, press and information minister in the Dudayev government, told journalists in Groznyy Thursday [31 August].

Udugov said that Dudayev would probably make a television address on that day.

Khozh-Akhmed Yarikhanov, head of the delegation of Dudayev supporters at the talks in Groznyy, believes that "rallies will be held all over the republic" on September 6. He stressed that though "the government delegation does not plan or organize any rallies, let alone in the occupied part of the republic," it had "an unofficial meeting on the issue with Russian military." The aim of the meeting was to work out measures to jointly guard the rallies in order to prevent any provocations, he said.

According to Yarikhanov, "the Russian side has misgivings about the independence day and limits the access to Groznyy."

Effects on Chechen Community

Soskovets Sums Up Chechnya Restoration Work

MM0109101395 Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 pp 1, 2

[Unattributed report: "Difficult Revival. From the Report on Progress in Restoring the Economy and Social Sphere in the Chechen Republic, by O. Soskovets, chairman of the Russian Federation Export Control Commission, at the Security Council Session" in Moscow on 30 August]

[FBIS Translated Text] With a view to stabilizing the socioeconomic situation in the Chechen Republic and organizing urgent assistance for the population which had suffered as a result of armed operations, the Russian Federation Government adopted a series of decrees which provided the basis for elaborating immediate measures to restore vital services, and primarily to supply the population with bread, water, and other prime necessities.

According to Emergency Schedule

Thus, during the first quarter of this year, forces of the Russian Ministry for Civil Defense, Emergencies, and Natural Disasters delivered humanitarian aid worth more than 240 billion rubles [R] and rendered specialized medical assistance to 27,000 wounded and sick people. Free delivery and distribution of water, bread, and flour to the population was organized.

On the Russian Federation Government's initiative, 19 Russian regions rendered humanitarian assistance to the Chechen Republic in the form of construction materials, equipment, and machinery. Specifically, Lipetsk Oblast supplied 30 units of motor vehicle transport equipment, Volgograd Oblast supplied 25 cars of cement, and similar assistance was also rendered by other oblasts.

Ministry of Finance Offered Guarantees — Banks Responded

With a view to ensuring the uninterrupted financing of restoration works, a decision was adopted on utilizing the financial resources of commercial banks under a Russian Ministry of Finance guarantee, making it possible, in the conditions of budget deficit, to finance 30-35 percent of the monthly requirements for restoration work. Thus, several banks have already financed work to a total of R398.4 billion just from their own resources.

With a view to completing the sowing work, organizations under the Russian Ministry of Agriculture and Food, the Russian Ministry of Fuel and Power Engineering, and the Russian Federation Committee for Machine Building delivered to the republic a large quantity of seeds, fertilizers, fuel and lubricants, and agricultural equipment and spare parts. This made it possible to sow 123,000 hectares to spring crops and ensure the procurement of feeds and the bringing in of the harvest.

Everyone Needs Heat and Water at All Times

More than 1,000 km of high-voltage power lines and 32 substations have been restored in order to supply the Chechen Republic with electricity, and 13 out of the 16 rayons are being supplied. Restoration work is under way at all four of the republic's heat and electric power stations. To date electricity supply has been restored for most social sphere facilities, a series of industrial enterprises, and residential districts in the city of Groznyy.

Most of the republic's rayons and the city of Groznyy are provided with constant gas supply. Since December of last year, the republic has received free of charge 936 million cubic meters of gas and 552 million kilowatt-hours of electricity.

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Starosunzhenskiy, Chernorechenskiy, and Goytinskiy water reservoirs have been restored in line with standing arrangements, making it possible to supply the city of Groznyy with 158,000 cubic meters of drinking water per 24 hours, which is more than 300 liters per capita per 24 hours (before the start of restoration works, water supply ran at between one and 1.5 liters per capita per 24 hours).

Construction Workers in Nonstop Operations

One of the most important social tasks is to provide housing for the republic's population. This year it will be necessary to restore a total of 1.2 million square meters of housing blocks. Construction organizations under the Russian Ministry of Construction and the "Rosagropromstroy" Corporation have been recruited for this purpose.

In addition, the republic's inhabitants are autonomously restoring their homes, and construction materials are being allocated to them free of charge for this purpose.

Federal budget funds were utilized in January-July 1996 to finance the restoration and commissioning of 601,000 square meters of housing at a cost of R613 billion. By 1 September the construction industry workers had submitted for handover 22 general education schools and 10 hospital blocks in the city of Groznyy, and 59 rural schools and 16 health care facilities had been commissioned.

Transport construction workers and subunits of the Railroad Troops have earned themselves a sound reputation. They carried out mine-clearing operations and restored destroyed bridges and more than 500 km of railroad track, making it possible to ensure the delivery of national economic freight and passengers to the republic.

Bus transportation has been organized afresh in the republic. There are 99 bus routes in operation, covering a total of 3,887 km and using 471 buses.

Chechnya's Oil Working for Chechnya

The earliest possible resumption of work at facilities of the oil extracting and oil refining industries is an important source of revenue for the restoration of the Chechen Republic's economy. Electricity is being supplied to the oil fields as a result of restoration work; 42 oil wells have been commissioned, ensuring the extraction of about 4,000 tonnes of oil per 24 hours; and 65 km of main pipelines and oil field pipelines have been repaired. Some 104,000 tonnes of the extracted 191,000 tonnes of oil have been released for sale, and 29,700 tonnes of oil have been shipped for export. The funds earned from oil sales have been channeled to pay the wages of workers in the republic's oil industry and to meet production needs.

Before the First School Bell

The Russian Ministry of Education is currently taking the necessary steps to ensure education facilities for all of the republic's schoolchildren as of 15 September 1995. Some 265 schools are being prepared for school work, 50 of which are in the city of Groznyy.

Special attention is being given to the restoration of health care facilities and to supplying them with the necessary equipment, materials, and medicines. Thanks to efforts by specialists from the Russian Ministry of Health and Medical Industry and the Russian State Committee for Sanitary and Epidemiological Supervision, medical services for the population, which were disrupted during the Dudayev regime years, are being gradually restored. At present there are 68 hospital institutions functioning in the Chechen Republic, including 39 in the city of Groznyy. Some 115,000 medical teams have been organized, which have given 62,000 preventive inoculations.

What Do Old People and Refugees Get

By 24 August 1995 the Russian Ministry of Social Protection of the Population had taken over the files of and assumed responsibility for 91,200 pensioners; 78,000 of them have already been paid their pensions for the period between December 1994 and August 1995 totaling R89.2 billion, and work is under way to settle pension debts for 1994.

The procedure for paying allowances for children under the age of 16 has been restored. So far allowances for 197,500 children have been paid, as well as about 4,000 one-shot child-birth allowances.

It is necessary to note the difficult situation prevailing as regards refugees from the Chechen Republic. Despite the fact that a sum of R79.5 billion has already been spent so far, social tension among the refugees remains high.

The Government Deems It Necessary To:

— accomplish in 1995 the tasks envisaged in the amended Federal Targeted Program for the Restoration of the Chechen Republic's Economy and Social Sphere;

— complete the elaboration and approval of a Federal Targeted Program for the Restoration of the Chechen Republic's Economy and Social Sphere in 1996, and incorporate the expenditure on financing it in the Russian Federation's 1996 budget;

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— ensure uninterrupted financing by both the Russian Ministry of Finance and the commercial banks with a view to maintaining the current pace of restoration work;

— open a Central Bank of Russia cash payment center in the Chechen Republic, which will make it possible to create an effective finance and credit system;

— create the maximum possible number of jobs in the Chechen Republic and conditions to encourage the return to the republic of specialists who have departed through the stage-by-stage commissioning of industrial enterprises.

These tasks can be accomplished through the earliest possible establishment of political stability in the republic, the disarmament of illegal armed formations, and the formation of organs of executive power.

Chechnya 'Technically Ready' To Resume Refining

LD3108190295 Moscow INTERFAX in English 1615 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (PIA-INTERFAX) — Chechnya's production association Groznefteorgsintez" is technically ready to resume oil refining. However, the issue of the resumption day is "purely political," a senior official of the Russian Fuel and Energy Ministry told INTERFAX's Petroleum Information Agency in Moscow Thursday.

Well-informed sources in Groznyy told PIA that the production association now has a capacity of 300,000 to 330,000 tonnes of oil a month (or about 4 million tonnes a year), while its projected capacity is 18 million tonnes of oil a year.

According to the same sources, Chechnya is monthly producing about 120,000 tonnes of crude oil. Groznyy plans to export all oil produced and use hard currency earnings for the republic's internal needs, including the upgrade of its oil industry. The management of the state-run oil-producing enterprise Ichkeria intends to lobby the Russian government for lifting customs duties on oil exports.

Oil is Chechnya's main mineral resource. The republic's recoverable resources are estimated at 44 million tonnes. The oil output fell from 4.1 million tonnes in 1991 to 1.2 million tonnes in 1994. The volume of oil refined fell from 11.1 million tonnes in 1991 to 0.1 million tonnes in 1994.

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Future UN Role as Main Peacekeeper in CIS Considered

LD3108200395 Moscow ITAR-TASS in English 1634 GMT 31 Aug 95

[By Boris Sitnikov]

[FBIS Transcribed Text] UNITED NATIONS, August 31 (Itar-Tass) — "In conditions where the United Nations' strained resources do not permit it to undertake the conduct of its own full-scale peacekeeping operations in conflict zones in the territory of CIS member-countries, it should delegate its powers to the CIS peacekeeping forces and provide financial, technical and economic assistance to the efforts of the Commonwealth member-states aiming to maintain peace and settle conflicts in the hot spots of the Commonwealth of Independent States," Deputy Chairman of the Federation Council of the Federal Assembly of the Russian Federation Valerian Viktorov said at a special session of the Interparliamentary Council which is being held here on the occasion of the 50th anniversary of the United Nations.

"A pressing problem for the United Nations is to ensure regional approaches to maintaining peace and security. It must be admitted that the United Nations and the Organisation for Security and Cooperation in Europe are unfortunately unable as yet to provide adequate assistance in preventing and settling regional conflicts, including in Nagorno-Karabakh, Transdniestria and Abkhazia.

"In these conditions, the Council of the heads of state, the Interparliamentary Assembly and the Council of the heads of government of the Commonwealth member-states, seeking to observe the generally accepted international legal norms, standards and principles, have to prevent threats to peace and ensure security in the CIS region through their own efforts," said Viktorov who represents the CIS Interparliamentary Assembly at the forum.

"A collective security system is now being formed within the framework of the Commonwealth of Independent States on a regional basis, which enhances the role played by parliamentarians in terminating armed conflicts.

"Pursuant to a decision of the Council of the Interparliamentary Assembly, parliamentarians have formed peacekeeping groups to deal with problems of Nagorno-Karabakh, facilitate the settlement of the Georgian-Abkhazian conflict and bring to an end confrontation in the Transdniestria," Viktorov said.

"The Interparliamentary Assembly jointly with the Ministry of Foreign Affairs of the Russian Federation has succeeded in initiating the signing of the so-called Bishkek protocol by the leaders of the parliaments of the conflicting countries. On the basis of this document, a bloody war was halted in the zone of the Nagorno-Karabakh conflict, and ceasefire was ensured in the conflict zones in Abkhazia and Transdniestria with the help of Commonwealth member-countries, the Russian Federation above all.

"It appears that the regional approach to the solution of security problems is an important means of strengthening stability in the whole world," Viktorov said.

"It is advisable for the Interparliamentary Union to summarise experience gained by parliamentarians in peacekeeping actions and arrange, jointly with the United Nations and other international organisations, a seminar on "Parliamentarianism and peacemaking."

"A seminar of this kind could be held in St. Petersburg where the headquarters of the Interparliamentary Assembly of the Commonwealth of Independent States is located," Viktorov said.

ITAR-TASS Carries Press Review for 1 Sep

LD0109060195 Moscow ITAR-TASS in English 0514 GMT 1 Sep 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, September 1 (Itar-Tass) — The Security Council of the Russian Federation has considered measures to promote the settlement in the Chechen republic. A report about the Security Council meeting headlined "It appears that a return to normal life is not easy" is carried by ROSSIYSKAYA GAZETA. The main objective of the efforts is to consolidate peace in Chechnya, restore constitutional law and order and ensure civil rights and freedoms. President Boris Yeltsin who chaired the Security Council meeting stressed that these tasks must be accomplished proceeding from priority of political means. Along with this any compromise solutions which can do harm to the national interests and security of the Russian Federation must be ruled out.

ROSSIYSKAYA GAZETA publishes the text of a federal law laying down the general principles of self-rule in the Russian Federation and defining relations between the federal and local bodies of power. The newspaper carries an article "Moscow delegates power to the regions. And becomes stronger" in which Chairman of the State Duma Committee for the Affairs of Local Governments Anatoliy Sliva says the municipalities will now have to study and master the mechanism of financing local programmes and learn to generate money for their implementation.

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ROSSIYSKAYA GAZETA also carries Russian President Boris Yeltsin's address to the governors of commercial banks. The banking system is all-pervasive in the national economy and its steady work is the basis for the ongoing process of stabilisation and the beginning of economic growth, the President stressed in his address.

ROSSIYSKIYE VESTI publishes an item devoted to the meeting on Thursday of the government of the Russian Federation to discuss Russia's new text code. Deputy Finance Minister Sergey Shatalov comments on the government meeting and the new tax code.

KOMSOMOLSKAYA PRAVDA publishes, under the heading "Blow up" a feature about Sergey Shoygu, the Minister for Civil Defence and Emergencies of the Russian Federation.

TRUD devotes its frontpage report to the situation in Chechnya. Tension persists in the Chechen capital where one serviceman was killed and six wounded in the nighttime gun attacks on the positions of Federal troops. Seven such attacks were registered in 24 hours.

IZVESTIYA gives frontpage coverage to the situation with the pension provisions in the country. It says "the pension fund has become a sinecure for bureaucrats, the government drives the senior citizens into the ranks of the opposition." For the first time in decades pensions in Russia are now paid erratically. This past summer dozens of old-age pensioners formed pickets and this autumn tens of thousands are likely to take to the streets. Russia has 37 million pensioners, more than one-third of the country's electorate. More importantly, they are the best-disciplined voters. It is not difficult to imagine how an old-age pensioner will vote after week-long delays in the payment of pension, the newspaper says.

IZVESTIYA carries an extensive commentary on Prime Minister Viktor Chernomyrdin's statement in St. Petersburg on the possibility of holding a nation-wide referendum on private landownership. Landownership is a problem of concern not only to farmers, the newspaper says.

"Fear" is the headline of an article discussing interrelations between the country's law enforcement agencies and citizens. A Russian citizen today fears not only criminals but also the police, the article says. "Police arbitrary actions have become a national problem. Not a single citizen of Russia is ensured against violence on the part of police," said Andrey Babushkin, the leader of the Society of guardians of penitentiaries.

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Kozyrev Denies Country Occupies Pro-Serb Position

LD0109133795 Moscow INTERFAX in English 1314 GMT 1 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 1 (Interfax) — An international conference, proposed by Russian President Boris Yeltsin, on a peaceful solution to the Yugoslav crisis could be convened in October, Foreign Minister Andrey Kozyrev told Interfax.

He emphasized that he is fairly optimistic about it and did not rule out the possibility that the conference will be held in Moscow.

Kozyrev warned against the simplistic view that the crisis could be resolved by putting pressure to bear on the warring factions in Bosnia-Herzegovina. He explained that it is field commanders that make the actual decisions and all the three parties to the conflict are pretty unruly.

Kozyrev argued that if any outside country exercised full control over at least one warring faction in the former Yugoslavia, peace would have long been reigning there.

"I know German Chancellor Kohl's views. Had Croatia been controlled by Bonn, there would have been no Croatian offensive in Serb Krajina or refugees. If it could, Russia would make the Serbs accept the peace plan for Bosnia," Kozyrev said.

In his view, simplistic appeals to put an end to the Yugoslav crisis immediately are also heard in the State Duma, Russia's lower house of parliament. Kozyrev thinks that questions such as Why has the Russian Foreign Ministry not resolved the conflict? are illegitimate. "Why has the U.S. state Department or the French Foreign Ministry not done so?" he asked rhetorically.

In Kozyrev's view, the Yugoslav crisis is a most complicated international conflict and nobody has a magic wand to resolve it. "If Vladimir Lukin (IF Note: the State Duma International Affairs Committee chairman) nad one, I would immediately resign in his favor. I fear, however, that he does not," Kozyrev said.

He categorically denied that the Russian Foreign Ministry's position was pro-Serb. Kozyrev explained that disapproval of the NATO air strikes does amount to a pro-Serb position. [sentence as received] He suggested that the NATO action could prove counter-productive.

Asked about the possibility of Russia's unilateral withdrawal from the sanctions against Serbia, Kozyrev also objected to over-simplification. "We have numerous proposals on supplies of fuel oil to Serbia or purchases of grain there. We raised this issue in the Sanctions Committee and had some of our proposals accepted. We will have to overcome certain resistance as we continue to push for new steps in this direction. This is a difficult diplomatic process," he explained.

Says Some in West 'Taking Advantage'

LD0109133195 Moscow INTERFAX in English 1316 GMT 1 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 1 (Interfax) — Russian Foreign Minister Andrey Kozyrev spoke of Moscow's unequivocal condemnation of any use of force in Bosnia-Herzegovina at a Friday news conference.

He accused unspecified forces in the West of taking advantage of the recent shelling of a marketplace in Sarajevo [illegible]m what appears to be one of the Serb-held territories in order to flex their muscles for domestic consumption.

The minister indicated that all the gains in the regional peace process had been made before the Bosnian Serb attack on Sarajevo followed by NATO's punitive air strikes. "God forbid that this does not derail the talks," Kozyrev said.

He expressed the hope for an international conference on Bosnia to be called for the middle of next month with Moscow as a possible venue.

The minister also said that a Bosnian settlement would feature centrally during a telephone conversation between the Russian and French Presidents Boris Yeltsin and Jacques Chirac on Friday.

Defends 'Well-Balanced' Bosnia Policy

LD0109103995 Moscow INTERFAX in English 1029 GMT 1 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 1 (Interfax) — Russia is holding a well-balanced policy on settlement in former Yugoslavia, and this settlement will again become political despite the barbarian provocation of shelling Sarajevo, Russian Foreign Minister Andrey Kozyrev told Interfax Friday.

He thinks this process will result in an international conference on former Yugoslavia which was proposed by President Boris Yeltsin.

Kozyrev bluntly rejected an opinion that the Russian voice has recently been little heard in the Balkans.

"We were much more specific in denouncing the Sarajevo provocation and the force methods of problem solution on the Croat part. Our stand was very tough. We

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prompted the United Nations Security Council to denounce Croat actions, and our voice was heard there. However, other members of the Security Council with the exception of China which, in our opinion, has a more balanced stand on the issue but is not very active in its promotion [of its stand], demand sometimes tougher measures in the Balkans," said the Minister.

In the words of Kozyrev, the recent Moscow meeting between Yeltsin and Serb President Slobodan Milosevic "had a huge significance." "Russia welcomes the fact that the Americans and other members of the international community have finally understood the key role of Milosevic in the peace-making process on the Serb side. The whole world applauds his leadership in the All-Serb delegation," said Kozyrev.

"No one is able to settle the Yugoslav problem independently. If somebody has an illusion that this can be done separately by the Americans or by us, it is just an illusion. Russia does not plan to settle the problems solely by its own efforts," stressed the Minister.

Chernomyrdin: Stance on FRY, NATO Attacks 'Unchanged'

LD3108180595 Moscow ITAR-TASS World Service in Russian 1722 GMT 31 Aug 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 31 Aug (ITAR-TASS) — Russia's position on Yugoslavia is unchanged, and it will not change, Viktor Chernomyrdin, chairman of the government of the Russian Federation said today when replying to a question from an ITAR-TASS correspondent. It fully coincides with the statement made yesterday by Russian President Boris Yeltsin, the prime minister stressed.

Addressing a brief news conference after the sitting of the editorial commission of the second congress of the Russia is Our Home movement, which adopted a draft program, Viktor Chernomyrdin said that the president "yesterday put forward his initiative for a peaceful settlement to the Yugoslav conflict, and condemned the NATO air strikes. There are no other opinions."

Karasin: No Change in Stand on Bosnian Events

LD3108151695 Moscow ITAR-TASS World Service in Russian 1433 GMT 31 Aug 95

[By ITAR-TASS diplomatic correspondent]

[FBIS Translated Text] Moscow, 31 Aug (ITAR-TASS) — The claims voiced today in some of the media about some kind of change in the Russian stand on the Bosnian events are groundless. This statement was made to ITAR-TASS by Grigoriy Karasin, director of the Russian Foreign Ministry's Information and Press Department. "The wish of the 'high-ranking diplomat,' whose pronouncements are cited by some of the agencies, to remain anonymous is quite understandable. These kind of claims have nothing in common with the official stand," the official representative of the foreign affairs department said.

Demands End of 'Logic of Force'

LD3108154295 Moscow INTERFAX in English 1236 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (Interfax) — The logic of force cannot lead to a long-term settlement of the Bosnian conflict, Russian Foreign Ministry spokesman Grigoriy Karasin told a Thursday briefing in Moscow.

According to him, even if some temporary concessions are achieved, this logic will boomerang in the more distant future.

Karasin emphasized that Russia stands for a lasting political settlement of the crisis.

He stressed in this context that the suggestion of President Boris Yeltsin to hold a meeting of the heads of leading countries, the conflicting Bosnian sides and the presidents of Yugoslavia, Croatia and Bosnia remains on the agenda.

Karasin said that in his Wednesday comments on Yeltsin's statements on the former Yugoslavia, NATO Secretary General Willy Claes actually tried to give advice to the Russian head of state.

"The comments were questionable in tone and simplified, biased in essence," Karasin said.

"The only way out of the critical situation in the former Yugoslavia lies in stopping the spiral of the use of force, stepping up negotiations with the purpose of reaching speedy understandings on the settlement," the spokesman said.

In his opinion this implies a balanced approach and well-considered comments on the developments.

Urges UN To Halt NATO Operations

LD3108163395 Moscow ITAR-TASS World Service in Russian 1446 GMT 31 Aug 95

[FBIS Translated Text] Moscow, 31 Aug (ITAR-TASS) — "NATO's operation of force should be stopped. It goes beyond the framework of the relevant decisions of the UN Security Council, will not lead to the conflict being resolved and risks undermining the positive progress that has taken shape in the matter of a political

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settlement." Grigoriy Karasin, director of the department of information and press of the Foreign Ministry, told an ITAR-TASS correspondent this information today. He stressed that the actions of the Rapid Deployment Force intended primarily to defend the UN forces, including in an operation of suppression, are not furthering the implementation of the UNPROFOR [UN Protection Force] mandate but are threatening the security of the peacekeeping personnel.

"We think," the official Foreign Ministry spokesman said, "that the UN leadership should use its powers to put an end to the military action. The Bosnian Serbs should withdraw all their heavy weapons from Sarajevo and the other side should undertake not to use a heavily-populated town as a bridgehead for carrying out combat operations. In the present conditions that could become in reality a springboard for a breakthrough in a political settlement." The Foreign Ministry official spokesman expressed deep concern in connection with the latest development of events in Bosnia-Herzegovina.

Lukin Rejects 'Carpet Bombing' as Advance for Peace

LD3108151095 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 31 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] Nicholas Burns, the official U.S. State Department spokesman, confined himself at a briefing to a phrase to the effect that Russia played a very important role in the Bosnian peace process and that it was a valuable partner for the United States and other countries. At the same time, he said the United States was not striving to impose its plan on anyone. The U.S. was, however, exercising its leading role, involving its allies in the process.

Vladimir Lukin, chairman of the State Duma's International Affairs Committee, said at a Moscow news conference today that this viewpoint could not stand up to criticism.

[Begin Lukin recording] I do not believe that carpet bombing, the killing of civilians, inevitably attendant on carpet bombing is a very good idea from the viewpoint of achieving peace and moving the peace process forward as soon as possible.

Even though I regard the conceptual plan itself as going in a more or less correct direction, as it were, its implementation by iron and blood is cynical indeed. [end recording]

Stresses Halting Bloodshed

LD3108154395 Moscow ITAR-TASS in English 1524 GMT 31 Aug 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 31 (Itar-Tass) — A Russian lawmaker in charge of foreign affairs said on Thursday that no plan of peaceful settlement to the Bosnian crisis would be viable without prior halt to the bloodshed in the Balkans. Speaking to the press, Vladimir Lukin, the chairman of the State Duma foreign committee, condemned a Croatian offensive against Krajina which forced out thousands of Krajina Serbs to Yugoslavia. He said this was "the greatest crime of the nowadays".

Lukin said Monday's mortar attack on Sarajevo which was launched by unidentified persons and triggered NATO's massive air raids against Serb positions "looked like a provocation." He said he was surprised that Western countries turned down a Serbian proposal to create a commission for investigating causes and circumstances of the shelling which killed 37 people.

"I do not believe that massive raids against Serb positions are an efficient motive to sign a peace agreement between the warring sides," Lukin noted.

The Duma committee chairman said that the American plan of the Bosnian settlement was being established "with steel and blood" but added that personally he would not protest such strategy. At the same time, "the United States are not able to implement it alone, without Russia," Lukin said. He also suggested that this matter should be settled within the frames of the contact group.

Admits U.S. Plan 'Seems Reasonable'

LD3108171495 Moscow INTERFAX in English 1631 GMT 31 Aug 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 31 (Interfax) — Chairman of the Russian State Duma Committee on International Affairs Vladimir Lukin told a press conference in Moscow today that the basic idea of the U.S. plan for division of Bosnia-Herzegovina "seems reasonable" and could be transformed into "an international plan of the Contact Group."

Lukin said he believed that "Russia cannot play the key part in settlement of the Yugoslav crisis alone." He said such claims advanced by the Russian diplomacy were just a show.

Lukin said that "though the United States are the world's strongest country, they will not manage to carry out this

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plan without support of other Western countries and Russia."

Lukin said he deemed it necessary to make the U.S. plan more precise at top-level talks.

Lukin described the present methods for implementing this plan as "bloody" and likened the U.S. plan to that of Bismark who had united Germany "by iron and blood."

"I don't believe that the massive bombing, as a result of which civilians are killed, contributes to peace settlement," Lukin said.

Lukin said he favored the U.S. proposals that the Bosnian Serbs should have the right to form a confederation with the United Republic of Yugoslavia. He repeated that the Bosnian Moslems and Croatians had been given an analogous right to form a confederation with Croatia.

"The political crisis in the former Yugoslavia can be resolved only through the creation of two confederations, one of which would be mainly Serb and another one would be a Croatian confederation with a Moslem element," Lukin said.

Lukin said he considered the recognition of "the artificial state of Bosnia-Herzegovina" as an error of the Russian diplomacy.

Lukin also said he thought Zagreb's military action in Serb Krajina (the Serb-populated part of Croatia - IF) to be a serious crime and "the biggest ethnic cleansing in the entire history of the Yugoslav conflict."

With regards to actions of the Bosnian Serbs in the "safe area" of Srebrenica and the shelling of a market area in Sarajevo which was followed by NATO air strikes, Lukin said: "This is either a provocation or an action launched by those field commanders, who have become uncontrollable."

With regards to the Duma-adopted laws of August 12 on Russia's one-sided exit from the regime of sanctions against the United Republic of Yugoslavia and the introduction of sanctions against Croatia, Lukin said Russian President Boris Yeltsin would say the final word on the issue. "The president will either sign the laws or cast a veto," Lukin said.

Lukin said he believed that Yeltsin would act similarly to U.S. President Bill Clinton who had vetoed the Congress-adopted law on the U.S.' one-sided exit from the embargo on arms delivery to the Bosnian Moslems.

Zotov: NATO Reaction to Serbs 'Disproportionate'

LD3108225995 Moscow INTERFAX in English 2043 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (Interfax) — Russia's special envoy for former Yugoslavia has described as disproportionate NATO's use of aircraft and the rapid reaction force for strikes on Bosnian Serb positions.

"Certain politicians, especially those on the other side of the earth, appear to have an itch for war," Aleksandr Zotov said. He added that inherent anti-Serb emotions prevailing in the minds of some politicians and public opinion were out of line with the level of political thinking supposed to exist at the turn of this century.

Zotov pointed to misguided views by those who believed that the Serbs could be forced into peace talks by more air strikes. "The upholders of this theory are unfamiliar with local conditions and with the Serb mentality." He said the greater pressure and atrocities were exerted on the Bosnian Serbs and lesser chances left for diverting them to the peace process, the more resolute would be their resistance.

The Russian diplomat said the question of a possible use of force against the Serbs was not in fact on the agenda of Tuesday's meeting in Paris by the five-nation contact group composed of Russia, the United States, Britain, France and Germany. "These methods were discussed only as a possible factor of deterrence and protection of the UN peacekeepers. In other words, everything was set in acceptable overtones", said Zotov who represented Russia at the Paris meeting. He described as a dramatic shift the international community's decision to use massive force against the Bosnian Serbs in the wake of a recent shelling of the market place in Sarajevo. Zotov warned against the possibility of the United Nations turning from a peacekeeper into a party to the conflict.

"This overshadows the chances of peace in former Yugoslavia," he said.

Diplomat: Shelling Threatens Russian Peacekeepers

LD3108170795 Moscow INTERFAX in English 1631 GMT 31 Aug 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 31 (Interfax) — Russia's Foreign Ministry and embassies in Zagreb and Belgrade are making vigorous efforts to ensure security for the Russian peacekeepers stationed in Grbavici, a district in Sarajevo, because of the decision to continue shelling territories controlled by the Bosnian Serbs taken by the command of the Rapid Reaction

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Forces. Interfax learned this Thursday [31 August] from a senior member of Russia's Foreign Ministry.

As he said, the Rapid Reaction Forces, which bombarded, together with NATO aircraft, Bosnian Serbs' positions on Wednesday, intend to continue launching strikes on all moving military targets belonging to Bosnian Serbs.

The diplomat also said with reference to U.N. information that the action by NATO's and Rapid Reaction Forces' aircraft, launched in answer to the shelling of Sarajevo, led to destroying 23 targets. "Most of these were struck by the Rapid Reaction Forces' artillery, as the U.N. Protection Forces in the former Yugoslavia said," he noted.

The plans nurtured by the Rapid Reaction Forces led to the fact that the Russian peacekeepers, stationed between the Bosnian Serbs and Moslems, have actually been blocked by the Bosnian Serbs.

"We are seeking to enable our peacekeepers to leave Grbavici without obstruction and be stationed in the central districts of Sarajevo, which will not be covered by the Rapid Reaction Forces' fire," the diplomat said.

He said he hopes that Belgrade will use its levers of influence on Bosnian Serbs to ensure for Russian peacekeepers an unimpeded retreat to relatively safe districts of Bosnia's capital across the Fraternity-Unity Bridge.

Senior Official: Serb Shelling Goes Beyond Limits

LD3108171095 Moscow INTERFAX in English 1528 GMT 31 Aug 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] Moscow, Aug 31 (INTERFAX) — A senior member of Russia's Foreign Ministry does not view NATO's air strikes launched in answer to the shelling of Sarajevo, "which caused great casualties and tragic consequences," by the Bosnian Serbs as unjustified. He said so in a Wednesday interview with Interfax.

"There are certain limits beyond which actions by the parties involved in the conflict in Bosnia cannot be left without answer," the diplomat pointed out. "The Serbs overstepped those limits."

In comments on the assertions of some news media to the effect that investigations into the incident in Sarajevo had been conducted negligently, and that it is not quite clear that the Bosnian Serbs and no one else were to blame, the high-ranking diplomat said he is worried by such "duping of public opinion in Russia."

"Black is called white here often enough, and the average TV viewer gets the false impression that the Moslems and Croats shelled their own people out of provocative considerations, and the Serbs are subjected to bombings for that."

"Such kinds of assertions place the leaders of our country in a difficult position before their own people and before the international community," the source said.

Having referred to the opinion of experts acquainted with the results of the investigations, Russian among them, he declared: "It is possible to state beyond doubt from where the missiles (Interfax note: launched on Sarajevo) were fired. The results of the investigations leave no doubt as to the Serb trace."

As the high-ranking diplomat stressed, "the shelling of Sarajevo, which naturally entailed NATO's combat operations, was beneficial neither to Washington, Moscow or other Contact Group members, nor to the new Yugoslavia, Croatia, Bosnian Moslems or the Bosnian Serbs themselves."

The expert disagreed with the opinion expressed by some Russian news media that NATO's air strikes on Bosnian Serbs' positions are a consequence of Washington's hostility toward the Serbs. "Hostility is a zoological notion," he said. "In terms of politics it was a forced answer to actions, which were, under the circumstances, criminal from the humanitarian point of view, quite senseless from the military point of view, and extremely unprofitable from the political point of view."

The diplomat described what happened as "the syndrome of Balkan irrationality, which cannot be embraced by human mind." "The expressions of this syndrome have unfortunately been more than numerous during the crisis," he concluded.

TASS Comments on UN Role in Balkan Situation

Assails Blocking of Details on Serb Attack

LD0109051395 Moscow ITAR-TASS in English 0446 GMT 1 Sep 95

[By Boris Sitnikov]

[FBIS Transcribed Text] UNITED NATIONS, September 1 (Itar-Tass) — Having announced that Bosnian Serbs were the guilty party behind the blast that killed 37 people at the entrance to the marketplace in Sarajevo, the U.N. leadership has kept as a top secret all information about the place from which the bomb came which was used as an excuse for unleashing an anti-Serb war by NATO.

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Repeated statements of U.N. officials that the bomb had been fired from the Bosnian Serb positions inevitably gave rise to a question among journalists about where exactly those Serb positions were located. When the question was asked of Fred Eckhard he was confused and admitted: "I am not allowed to speak about it."

True, he promised that a report on this subject would be made some time by the U.N. Secretary-General, which made journalists recall a similar incident with a bomb blast in the Sarajevo marketplace in 1994, which also served as an excuse for launching a NATO anti-Serb campaign although it had never been established that the Serbs were to blame. Moreover, rumours persisted at that time that U.N. experts had prepared a report which laid the blame on the Bosnian Moslems. But that report was never published.

According to Eckhard, this time around the U.N., military command with U.S. General Smith at the head concluded immediately that the Bosnian Serbs were to blame judging by the look of the Crater, radar record and testimony of eyewitnesses. Nonetheless, the Bosnian Serbs who have vehemently denied their they are the guilty party have not been permitted to take part on the spot investigation. [sentence as received]

Condemns Actions Leading to Air Strikes

LD3108160995 Moscow ITAR-TASS in English 1537 GMT 31 Aug 95

[By Aleksandr Kondrashov]

[FBIS Transcribed Text] MOSCOW, August 31 (Itar-Tass) — Is it possible to justify NATO's punitive action undertaken with the blessing of the United Nations against the Bosnian Serbs if the punishment is inflicted not on their unyielding leaders but on 200,000 inhabitants of the Serb-populated part of Sarajevo?

It is still more difficult to put up with the fact that the action was conceived with a dubious or even criminally fabricated excuse in mind: the blaming on the Serbs of the shelling of a crowded street in Sarajevo that killed 37 and injured 80 people.

As a person who worked in the former Yugoslavia for the past five years, I felt indignant at the peremptory tone of U.S. Assistant Secretary of State Richard Holbrooke's statement which accused the Serbs even before the U.N. experts completed their investigation into the tragic incident. As I was also indignant at the instantaneous obedience of the U.N. command to this "directive" coming from the U.S. administration, and the taking of this dubious story in all good faith by the governments of France, Britain, and many other countries.

It was not only a matter of gullibility and political obedience, but of disregard for the fate of their own citizens wearing "blue helmets", for whom the act of retaliation assigns a sad role of hostages or live targets.

And all this when even a cursory look at the tragedy makes one doubt that the Serbs were really to blame.

The classical question about "who stands to gain?" in this case has a simple answer: not the Bosnian Serbs who, after numerous previous threats and acts of repression, were aware that they would be in for a rain of bombs from NATO aircraft but also for shelling by the heavy British and French guns recently airlifted to the environs of Sarajevo.

A negative answer is also in place to another, practical question: could the Serbs fire a mortar from a 4-kilometer distance with a degree of precision that would leave more than a hundred blood-stained bodies at the entrance to the Markale market place in Sarajevo?

The U.N. experts did not bother to collect evidence from the field of ballistics. But according to Russian Colonel Andrei Demurenko, the chief of staff of the U.N. forces in Sector Sarajevo, the Serbs from their mortar emplacement could not, even in theory, hit a 9-meter wide street lined with high-rise buildings the first time they fired their mortar.

In addition, the U.N. artillery intelligence registered no sound of mortar fire either at the moment when the heavy bomb exploded at the market place gate nor when more bombs went off in central Sarajevo.

According to Colonel Demurenko, there is weighty evidence that the bombs did not come from a mortar but from a different technical contraption.

Impartial experts would have certainly considered the possibility of a sophisticated act of subversion. Moreover, they would have felt obliged to do so given the precedents. A similar bomb exploded in the Markale market place in Sarajevo in early February of 1994, killing more than 80 people. At that time, a group of U.N. experts failed to find the guilty party. Moreover, media reports in many countries said a secret paper prepared by experts in ballistics was shelved somewhere in UNPROFOR [UN Protection Force] headquarters because it amounted to a direct accusation of the Moslem leadership of a crime against its own people.

Another similar blast rocked another street in Sarajevo in May 1992. It was used as an excuse for imposing sanctions against Belgrade. UNPROFOR officers later said in their memoirs that it had been engineered by Moslems.

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The UNPROFOR command turned a deaf ear both to the resolute objections on the part of the Bosnian Serb leadership and the proposals to set up a mixed commission, and to the arguments voiced by Colonel Demurenko who demanded further investigation.

In other words, neither Washington nor Paris and London were really after the actual culprits. Moreover, both the haste and the obvious preparedness with which the operation was carried out testify to the fact that the powers to be were afraid to let slip a lucky chance of sending their air squads to deliver punitive airstrikes against the Serb population of Sarajevo who had already suffered a lot.

The casualties and damage done to the Serb community have not yet been counted. It is absolutely unclear to what degree Washington's calculations were justified in their intent to expedite the signing of a Bosnian peace agreement which it would find to its benefit. Until now, "the accuracy of the calculation" done by the instigators of the punitive action has resulted in the deaths of five European diplomats, members of the EU mission in the former Yugoslavia, in the very first hours of NATO bombing of Sarajevo.

Bosnia Strikes Linked To NATO 'Eastward Expansion'

MM3108183195 Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 pp 1, 7

[Article by Vladimir Kuznechevskiy: "Clinton Plays Golf and Listens to Reports from New European Theater of War. Stop NATO! North Atlantic Alliance Using Full Force of Its Military Might Against Serbian Republic in Bosnia. What Will Happen When NATO Expands to Russia's Borders?"]

[FBIS Translated Text] Initially announced as a limited action to punish the gunners who had delivered the mortar attack against the market square in Sarajevo, the NATO military operation has rapidly expanded to the entire territory of the Serbian Republic in Bosnia. Throughout Wednesday all major cities in the Serbian Republic, including the capital Pale, and areas where Serb troops are concentrated, came under bombardment.

Military aircraft, an aircraft carrier, heavy artillery, and rapid reaction forces and their systems have been employed in an attempt to destroy the entire Serbian Republic military infrastructure. To all intents and purposes the NATO alliance has for the first time in all the years since its creation entered into a war against an entire people living in the Serbian Republic in Bosnia. Although it is obvious that an entire people cannot, of course, be responsible for a single shot against the Sarajevo market.

Clearly, this is also understood by those who have been attacking the Bosnian Serbs. Indeed, Washington and Brussels, where NATO Headquarters is located, are making no secret of their intentions now that the operation has been launched with its full, pre-planned power — the aim of the military operation is to totally destroy the Bosnian Serb armed forces so as to ensure that they will never again be able to threaten the Muslims and the Croats (at any rate, that was what Brussels said). In other words, we are talking about the effective destruction of the Serbian Republic in Bosnia. Clearly, everything is following the scenario that was followed by Zagreb against Serbian Krajina in early August. Those events showed that, if there is no army, there is no state.

Some of the tasks set have already been achieved. Judging by the reports from Belgrade, the Serbian Republic leadership is demoralized and the Serbian leadership is in a certain amount of confusion over this turn of events. On Wednesday afternoon a Serbian Republic delegation comprising President Radovan Karadzic, parliament chairman Mochilo Kraishnik [name as transliterated], and Foreign Minister Aleks Bukha [name as transliterated] arrived in Belgrade and met with Serbian President Slobodan Milosevic, giving him full jurisdiction to conduct peace talks with the Americans on behalf of the leadership of the Serbian Republic in Bosnia. The delegation itself did not want to meet with U.S. Assistant Secretary of State Richard Holbrooke, who is in Belgrade, and left for Bosnia.

On Thursday talks were held in Belgrade between R. Holbrooke and S. Milosevic on the implementation of the U.S. peace plan.

All the Western capitals have supported the NATO military operation. Only Moscow is dissenting. Russian Federation President Boris Yeltsin condemned both the bloody atrocity in the Sarajevo market square and the NATO military operations against the Serb people in Bosnia. The Russian Foreign Ministry and the Russian Federation representative at the UN Security Council also issued a sharp condemnation of the NATO action.

Observing this unprecedented NATO war against a small (just over 1 million inhabitants), albeit self-proclaimed, but nonetheless independent state (and, strictly speaking, Slovenia, Croatia, Bosnia-Herzegovina, and Macedonia were equally self-proclaimed in 1991-1992), it is impossible to avoid one particular thought. Washington, Bonn, and Brussels have repeatedly and firmly stated that there is no alternative to NATO's eastward expansion — in other words, right up to the Russian border — and that it is already impossible to halt this process. If this

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is truly the case, and if we assume that an armed conflict between CIS states eventually breaks out on Russia's borders, will we not find NATO, drawing on its Yugoslav experience of today, acting the same way as it is now? In other words, bringing its full force to bear against whoever Washington or Bonn says.

In this light the Russian president's efforts against NATO's expansion to take in the East European states looks correct — we need to defend Russia's vitally important interests.

Army Paper Claims NATO 'Starts War' in Balkans

MM0109110995 Moscow KRASNAYA ZVEZDA in Russian 1 Sep 95 p 3

[Article by Doctor of Historical Sciences Yelena Guskova, leader of the Center for the Study of the Present Balkan Crisis at the Russian Academy of Sciences Institute of Slavic and Balkan Studies: "NATO Starts a War in the Balkans"]

[FBIS Translated Text] The world public was not exceptionally alarmed when at the beginning of August 300,000 Serbs were driven out of their own (!) land in the most barbarous manner by Croatian troops. When Croatian planes fired on the refugees, when 10,000 Serbs were annihilated and dozens of villages wiped off the face of the earth. The NATO air forces did not react at all when Croatian commanders seized seven Danish soldiers from the peacekeeping battalion and drove them at the head of a tank convoy, knowing that the Serbs would not shoot at the "Blue Helmets." But today all the world's agencies are full of terrible photos of Sarajevo, where in the artillery shelling of the Markale market 37 people were killed and more than 80 injured.

A monstrous crime. The first reaction of the UNPROFOR officers arriving at the site of the explosion was laconic: The shell came from the south, where both Muslim and Serb positions are located in fairly close proximity, so it will be difficult to determine guilt. Aleksandr Demurenko, spokesman for the peacekeeping forces in Sarajevo, who was quoted by many agencies, stressed that the probability that the Serbs did it is one in a million. The shell had to travel 4 km and had to hit a street 9 meters wide. The probability of a hit was zero. Nobody heard any sound of the shell in flight. Furthermore, the Serbs do not have any 120-mm guns that could have launched the fatal shell.

The Bosnian Serb army command categorically denied the involvement by Serb forces in shelling the Muslim sector of Sarajevo. The Serbian Army chief of staff stressed in a statement that he has no heavy arms in the zone of the Bosnian capital. General Ratko Mladic demanded that a joint commission (comprising Serbs, Muslims, and UNPROFOR) be set up to investigate what had happened. But nobody wanted that. The very next day a "competent commission" established that the shell was undoubtedly launched by the Serb side. The United States instantly confirmed these conclusions and demanded that the Serbs be punished. So who is going to argue now?

During the night of 29 August and in the daytime on 30 August, 60 NATO aircraft and the artillery of the rapid reaction forces bombed Serbian position six times in the region of the cities of Sarajevo, Pale, Ozren, Majevica, Gorazde, Foca, Cajnice, and Tuzla. Strikes were carried out on communications centers, air defense systems, and military dumps. As Radio Pale reported, this was accompanied by artillery shelling and an advance by Muslim and Croatian forces. In Serbian Sarajevo alone more than 100 houses were destroyed, and in Kasindol [name as transliterated] a hospital was seriously damaged. According to reports from the same radio station (telephone links with Pale have been cut), three NATO planes were shot down and seven civilians and five peacekeepers were killed.

There can be no doubt that the explosion at Markale market was a planned act — this time more carefully planned than in February 1994 — that was needed as a pretext. First and foremost in order to start up the mechanism for replacing UNPROFOR forces with NATO forces. The Muslims took the opportunity to put the brakes on talks on Washington's new proposals, which they believe are not in the Muslim side's interests. The "Contact Group," which was sitting in Paris meanwhile, greeted NATO's actions with approval, while Alija Izetbegovic called for an end to all peace talks with the Serbs and for air strikes against them.

The obvious sequence of events over recent months led inevitably to the use of the rapid reaction forces against the Serbs specifically. Could this process have been stopped? At all events, Russia silently swallowed the propaganda bait about NATO's new peacekeeping tasks in Bosnia-Herzegovina and consented to all Washington's actions. Since the summer of 1995 the desire has become obvious on the part of the United States, Britain, France, and Germany to step up the military pressure on the recalcitrant Serbs and replace the "Blue Helmets" with NATO troops. On 3 June 1995 a conference of 16 defense ministers of the NATO and EU countries was held in Paris, entirely devoted to the situation in Bosnia. It was decided to set up rapid reaction forces of 10,000 men. It was explained to journalists that these forces' main task is to prevent, or if necessary to eliminate by force, any attempts to hamper the "Blue Helmets'" fulfillment of UN tasks. At the same time reports appeared in the press to the effect that in

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fact the main function of the rapid reaction forces will be to punish the guilty. There was no need to explain who the guilty are.

In this situation, much depended on Russia. But, as always, its position was unclear and contradictory. Foreign Ministry spokesman Grigoriy Karasin stated that Russia will not permit NATO's participation or the use of force in Bosnia-Herzegovina, and will go so far as to use the veto. Andrey Kozyrev, for his part, indicated that Russia is in favor of talks, but is not opposed to the rapid reaction forces engaging in "peacekeeping activity." He was apparently assured by the British that the rapid reaction forces would engage solely in peacekeeping. This was easily and immediately believed. Although the new French President Jacques Chirac stated openly during a debate in parliament that no notice should be taken of Russia's position, since it is not actually using its veto in the Security Council. And indeed, in the Security Council vote on the resolution approving the rapid reaction forces' presence in Bosnia-Herzegovina, Russia only abstained. So was it not clear by then that NATO was preparing to come down on the side of one of the warring parties, and clearly not the Serb side?

From that moment on, Moscow's opinion was virtually disregarded. Russia was not even invited to the 3 August session of the "Contact Group." Maybe that was because, at the London meeting of foreign ministers, defense ministers, and chiefs of staff of the countries that had sent contingents of "Blue Helmets" to Yugoslavia which was held not long before, Russia had acted firmly and independently, upholding, along with Ukraine, the political path of resolving the crisis. Thanks to Russia's efforts, the political conference did not develop into a conference of war, and the concept of a strong- arm solution to the Bosnia problem did not win the day. Then the West had to resort to the complex procedure of bringing in NATO independently in order to use force to punish the Serbs.

Dispensing with the presence of a Russian representative, the chiefs of staff of the Armed Forces of Britain, France, and the United States gathered in the British Defense Ministry building. After that, the plans for operations in Bosnia were discussed for a long time by NATO representatives, until on 2 August they adopted these plans, having enlisted the support of Butrus-Ghali, who handed over his decisionmaking powers with regard to air strikes against Serbian positions directly to NATO representatives and the UNPROFOR command.

After the center of gravity as regards decisionmaking had successfully been shifted to NATO, U.S. Secretary of State Warren Christopher stated with satisfaction at a press conference that "...the agreements we have reached do not depend on the Russians' consent, or the Russians' opinion at all."

The Russian president unfortunately was very irresolute in his condemnation of the switch to strong-arm methods for solving the Balkan problems. Furthermore some of the mass media tried to convince the Russian public that NATO would not carry out strikes against Serb positions. Indeed, there was no logic in that. After all, the Serbs in Bosnia had expressed approval of the American peace initiatives and welcomed the talks process that had begun.

Russia is continuing to insist on the stepping up of the political process, which the NATO forces have done considerable damage to, and on the convening of the Security Council. That is not likely to have any effect. The distribution of political forces has been quite clearly defined. The international organizations, the United Nations chief among them, have yielded their functions to NATO. And that organization has promptly taken the Croat-Muslim side. The Serbs have no allies. The West is today carrying out its intentions. Its plans do not include the preservation of a strong Serbian state in the Balkans, still less in a potential alliance with Russia. The Serbs are being openly advised to forget their dream of Greater Serbia and warned that the crisis will not be resolved until their military potential has been destroyed.

All these hasty and illogical actions by the Western countries have had one further result. America is finally asserting its leadership and dictating the talks exclusively according to its own scenario. At any rate, both Belgrade and Pale have declared their agreement to the U.S. plan for a peace settlement and have already formed a joint delegation to the peace talks. It includes, from the Serb Republic, Radovan Karadzic, Ratko Mladic, and Momcilo Krajisnik. And from Serbia, Slobodan Milosevic and some other politicians. In this team the decisions will be made by a simple majority, and in the event of disagreements Milosevic will decide.

Europe has been given a lesson in American democracy. The logic of force dictates obedience. It is not difficult to guess who could be next to find themselves in the Serbs' place....

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Political Issues

Yeltsin Meets With Leaders of Commercial Banks

LD3108142895 Moscow ITAR-TASS in English 1325 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, August 31 (ITAR-TASS) — The press service of the President of the Russian Federation reports about Russian President Boris Yeltsin's meeting with a group of leaders of commercial banks. Follows the text received by ITAR-TASS:

"President of the Russian Federation Boris N. Yeltsin today held a meeting in the Kremlin with a group of leaders of Russian commercial banks.

"The President of Russia informed the participants in the meeting about the principles of the state economic policy in 1995 and for 1996. The bankers supported the political course of the President and the Government.

"Questions relating to the stability of the banking system and the specifics of its functioning in conditions of the lowering level of inflation, problems of investment loans and work with deposits of the population were discussed. An exchange of opinions concerning the situation on the market of interbank credits took place.

"Taking part in the conversation were President of the Association of Russian Banks Sergey Yegorov, President of Mostbank Vladimir Gusinskiy, Chairman of the Board of Promstroybank Yakov Dubenetskiy, President of the Siberian Trade Bank Yevgeniy Koluga, President of Tveruniversalbank Alexandra Kozyreva, Chairman of the Board Uralvneshtorgbank Valerian Popkov, President of Avbtobank Natalya Rayevskaya, President of Bank Imperial Sergey Rodionov, President of Technobank Garegin Tosunyan, Chairman of the Board of the Bank Menatep Mikhail Khodorkovskiy, and President of Tokobank Vyacheslav Khokhlov.

"In his address at the meeting, the head of state noted the key role of the banking sector for the whole Russian economy. Stability of its work, in the words of the President is the basis for the continuation of the process of stabilisation and the entry of the economy in the growth phase.

"Boris Yeltsin further dwelled on the main problems of the financial and banking activity and put forth a number of specific proposals for its strengthening and improvement.

"1. Financial stabilisation. The President confirmed the firm intention of the Government and the Central Bank to translate into life a policy aimed at reducing inflation. To this end steps will be made to avoid mistakes made last year. The head of state called on bankers to support the government efforts aiming to solve the problems of financial stabilisation and stressed that work in such conditions requires new skills from the bankers. According to Boris Yeltsin, the complicated situation in the banking sector in the past two weeks was a result of the lack of such skills in many bankers.

"2. Loans to the industry. Boris Yeltsin noted that as the discount rates get smaller, ever more investment projects and already operating productions in the industry will find themselves in the zone of high commercial effectiveness, i.e. become attractive for crediting.

"The President of the country also stressed that Russia would never agree to be a country which develops only its raw material sectors.

"He called on the bankers in this connection to closely interact with the state in providing support for the sectors of the economy which possess unique high technologies and have potential advantages in competition on the world market.

"Boris Yeltsin assured the bankers that the state would facilitate their activity in providing long-term investment credits."

"Stability of the banking system. According to the President, alarming signs have appeared in this sphere. Judging by the last year results, every fifth bank found itself in a complicated financial situation. According to the head of state, this was due to the gradual completion of the process of the extensive development of the banking system, although the process of "absorption" of smaller banks by major banks is proceeding slowly, and the number of banks is still too great for the economy.

"Boris Yeltsin admitted that the state should take a portion of blame for the obtaining situation because the government paid off the bank loans provided to fund state order contracts in a highly erratic and incomplete manner.

"The government failed to create a major insurance structure through which the clients of insolvent banks would be able to get back at least part of the money.

"The President spoke in favour of reducing some constraints on those among major banks which were ready to assume additional obligations, for example, concerning the normalisation of the bankrupt lending institutions under their aegis, or in the field of funding investment programmes of enterprises important for the country.

"4. [as received] Work of banks with the population. The collapse of many high-risk financial companies became a severe trial for citizens, Boris Yeltsin said. But it must

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stimulate the interest in major, reliable banks as places for depositing their savings.

"Savings of the population are another powerful reserve for long-term credits.

"The President stressed the special degree of social responsibility for work with the population which many banks have been unable to live up to.

"The head of state said another important matter was the placing of highly liquid and reliable securities among the population and recalled the recently adopted decisions on the shareholders' investment funds and the issue of the state savings loan. Boris Yeltsin called on the commercial banks to take an active part in the distribution of this loan.

"5. Interaction with the Government. The President said the formation of large-scale alliance of banks-agents of the government, separate government agencies or bodies of state authorities was one of the most important forms of interaction between the banks and the Government.

"In Boris Yeltsin's words, the situation in this field has yet to be regulated. The state does not yet have a single approach to forming agency relations. For his part, the President came up with a specific proposal: a bank willing to become an agent of the Government in funding one or another programme must assume the obligation to participate in the funding with its own resources.

"6. Financial-industrial groups. The head of state believes that the time is ripe to lift the outdated restrictions on the participation of banks in financial-industrial groups. He also declared that the state intends to support initiatives of the banks for the creation of such groups and the introduction of new methods of settling the non-payment crisis, such, for example, as the creation of settlement expediting centres in banks.

"7. Competition with foreign banks. Boris Yeltsin stressed that the government was interested in having strong domestic banks capable of competing with Western banks. In his view, it is possible to win the trust of the foreign business circles only by entering Western markets and mastering their methods of work.

"Along with this the President noted that competition of that kind could not be unilateral, and that it was impossible to restrain for ever the participation of the foreign banking capital in Russia.

"8. Privatisation. The head of state suggested that the bankers discuss the proposal of several major commercial banks to provide a long-term loan to the government with the federal blocks of shares in the privatised enterprises as collateral.

"The President voiced certain doubts in the financial potential of the banks and their ability to fulfil obligations concerning loans to the state on the one hand, but at the same time expressed readiness to look for ways of solving this problem."

Views Need for Security

LD3108125995 Moscow ITAR-TASS in English 1110 GMT 31 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 31 (ITAR-TASS) — "Stability of the work of the banking system is the basis for the ongoing process of stabilisation and the beginning of economic growth," President Boris Yeltsin told a group of governors of Russia's major commercial banks.

Yeltsin said that "the extensive development of the banking system is gradually coming to an end although the major banks are not yet active enough in swallowing up smaller and unstable banks."

Yeltsin noted that the present number of Russian banks which is in excess of 2,500 "is more than enough for the economy." He admitted that the state was to blame for the "difficulties which are being experienced by separate banks," because many of them provided loans under state order contracts which the government repaid extremely irregularly and never fully.

The President expressed regret that the country had not succeeded a major insurance structure enabling the clients to recoup at least part of their money on accounts in insolvent banks.

Yeltsin spoke in favour of "reducing some constraints (like the reserve requirements" for the major banks" which were prepared to assume obligations to normalise, under their aegis, of bankrupt crediting institutions, or to finance investment programmes of the country's biggest industrial enterprises.

Boris Yeltsin stressed that the State "will facilitate the activity of commercial banks with regard to providing long-term investment credits."

According to him, "the reduction of the discount rates, which will take place soon, ever more investment projects and already operating productions in the industry will be finding themselves in a zone of highly commercial effectiveness and thus become attractive for crediting."

The President stressed that "Russia will never agree to be a country which develops only its raw material sectors." He called on the governors of commercial

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banks to cooperate closely with the President and the Government in "extending support to all sectors of the economy which possess unique high technologies and have potential advantages in the competition on the world market."

Boris Yeltsin pointed out that the state was "interested in strong banks capable of competing against Western banks." According to him, "only by entering Western markets and mastering their methods of work can one win trust of the foreign business communities," although it is "impossible to constrain the participation of foreign banks in Russia forever — competition cannot be one-sided."

Bank Leaders Voice Concerns

LD3108130695 Moscow ITAR-TASS in English 1236 GMT 31 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 31 (ITAR-TASS) — The creation of a single system of financial stabilisation in which the Central Bank of the Russian Federation would take an active part, was in the focus of discussion during Russian President Boris Yeltsin's meeting in the Kremlin today with a group of governors of commercial banks, Yeltsin's press secretary Sergey Medvedev told ITAR-TASS.

Medvedev said that "in the opinion of commercial banks, the Central Bank was not sufficiently active and did not closely interact with Russia's commercial banks."

During the meeting, the bankers expressed concern about destabilisation of the financial market in Russia. They said the commercial banks needed financial assistance from the state in the person of the Central Bank.

According to Sergey Medvedev, the bankers handed over to Boris Yeltsin the text of a programme of financial stabilisation in Russia envisaging a series of short-term, middle-term and long-term measures for the achievement of this objective.

The leaders of commercial banks expressed readiness to fund entire government programmes for the priority sectors of the national economy, such as micro-electronics, aviation industry and automobile manufacturing. They stressed that the authorities must back these programmes and provide guarantees of their implementation.

Sergey Medvedev noted that the bankers drew the attention of the president to the fact that commercial banks were mature financial institutions, they did not need to be created from scratch, they only needed adjustment and support so that the government could reliably lean on them, and the Central Bank should work in close interaction with the commercial banks.

In this connection, the bankers reminded the president that the country had yet to promulgate a law on banking and inter-bank activity. The president agreed with the bankers and assured them that he would urge the State Duma to adopt such a law.

In the course of the meeting, participants also discussed the proposal made by several major banks to extend a long-term loan to the government with the federal blocks of shares in the privatised enterprises as collateral. The bankers recommended that the president sign a decree to this effect, saying it would be very useful for initiating financial activity in Russia.

The bankers said they were willing and able to normalise the unsteady banks which were about to drop out the Russian banking system. They pointed out however that the small and medium-sized banks which found themselves in a quandary were overburdened with sanctions for outstanding debts, which could complicate the normalisation and even "sink" the rescuer banks. In this context, the bankers noted the need for working out a mechanism to streamline the normalisation process. They proposed, among other things, lifting the sanctions on the banks that are to be normalised by a major, stable bank.

Discussion also touched on bank security. Participants in the meeting recalled that 48 bankers were killed in Russia recently and 100 attempts on the lives of others were made. President Yeltsin shared the bankers' anxiety and noted that the bankers needed reliable protection. He stressed nonetheless, that there are bankers maintaining close contacts with criminal businesses and engaging in money laundering. But Yeltsin said such banks were clearly in a minority and they did not set the tone, the press secretary said.

Chernomyrdin Sees Exhibition, Comments on Land

LD3108150095 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 31 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] The Russian Farmer exhibition has been open for three days at the Lenekspo exhibition complex. It would not be an exaggeration to describe this huge market as a holiday both for St. Petersburg's residents, who are flocking here in their thousands to buy the produce full of vitamins, and surely for the producers themselves, who often grow their produce not thanks to, but despite bad weather, lack of credits, and mistrust of officials. That is why the prime minister

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[Viktor Chernomyrdin] preferred a detailed conversation with farmers to a brief study of the exhibition.

Though it proceeded in quite a proper manner and farmers promised support to the Russia is Our Home election movement, Viktor Chernomyrdin was clearly upset by some facts. For example, by the fact that from the funds allocated in the budget for the development of farmer's holdings, the holdings hardly managed to get a mere 17 percent this year.

[Begin recording] [Correspondent] In your opinion, what measures should the government take to make the farmer feel master of his land?

[Chernomyrdin] I have already said on a number of occasions that we all favor all forms of ownership — the collective, the collective farm, the state farm, etc. We favor the farmer, partnerships, and private ownership. The main thing is that the issue of ownership of land should be resolved. We will not progress far without land and without resolving this issue. [end recording]

[Correspondent] Chernomyrdin then held a conversation with the St. Petersburg government at Smolnyy. The prime minister also viewed the art collections of the Hermitage. He left for Moscow today.

Sergey Dukhavin, Vladimir Zhuravlev, and Gennadiy Petrov for Russian Public Television from St. Petersburg.

Agrarian Leader Praises Land Code Verdict

LD3108184195 Moscow INTERFAX in English 1531 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (INTERFAX) — Leader of the Agrarian Party Mikhail Lapshin has called President Boris Yeltsin's verdict on a proposed land code "the best ideological gift" his party could possibly have in the run-up to the December parliamentary elections.

In an interview with INTERFAX Thursday he said the authorities had shown "their true face by calling for wild land transactions" and that the Agrarian party and its allies would fight against any attempts aimed at squandering the land during the general elections.

Lapshin said the question was one of the very approach to the country's land reform rather than minor mistakes that Yeltsin had pointed out to the deputies.

He said that the Duma-approved framework bill on Russia's new land code which was subject to "further amendment" before a second reading gave answers to the main questions of the land reform.

Under the new law, he went on, the land is owned by the peasants, not the state and as such, is not liable for any transaction but can be transferred on terms of leasing, lifetime inheritance and use. However, it does not cover land plots transferred or sold to the public as private property to be used for gardening, the building of houses and garages and so on with the owner entitled to sell it or dispose of it in any other way.

The new code bans the restitution or sale of land to foreigners and contains a number of other restrictions in regulating land relations.

The Agrarian leader described Yeltsin's verdict as being "tantamount to the 1993 shootout of parliament but this time with the help of papers, not tanks."

Further Pre-Election Reportage, Commentary

Shakhray on Reasons for Withdrawal

MM0109092295 Moscow IZVESTIYA in Russian 1 Sep 95 p 2

[Report by Vasiliy Kononenko: "Why Shakhray Is Leaving the Premier's Party But Does Not Intend To Quit the Government"]

[FBIS Translated Text] The scheme thought up and approved by the president for creating two big political blocs, of which I. Rybkin and V. Chernomyrdin subsequently became the heads, is beginning to fall apart. The former has failed to find a firm enough basis for the formation of a powerful left-centrist bloc, while the latter has received a surprise from the initiator of the two-party system in Russia himself — S. Shakhray. In September he intends to recommend to the PRES [Party for Russian Unity and Accord] congress that the party leave the "Russia Is Our Home" [NDR] movement. And he is to take that step publicly, while himself being part of the government, which is not in the traditions of our authorities.

The first thoughts that spring to mind in the light of such extraordinary behavior by the PRES leader are these: Either he was not given a suitable post within the NDR movement, or else he has already decided to play his own game in the election contest. However, in conversation with IZVESTIYA's correspondent, S. Shakhray cited other arguments which had forced him to tell both the president and the premier of his reluctance to remain in the "top officials' party."

"I can have no grievance over the fact that I supposedly was not given a major post in NDR," he said. "I was included on the movement's council and I am a member of the executive committee. Finally, on the federal list of candidates from the movement my name is somewhere around seventh or eighth. The real reasons for my departure are different...."

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It emerged that on 30 August during meetings with the president and with the premier S. Shakhray set forth more or less the same list of his objections concerning the formation of NDR and its election strategy. "In the course of the preparation of the NDR program I proposed the inclusion of provisions that I regard as very important, designed to ensure real federalism and self-government in Russia," S. Shakhray explained. "Alas, they were ignored. Moreover there is no sign of any desire on the part of the premier, as NDR leader, to adhere to these principles in practice."

"The draft budget for next year," Shakhray went on, "preserves the practice of centralized management. Judging from this document, the number of federation components that are to become subsidized is to increase by one-third. That is to say, 15 donor regions are supposed to send some 50 percent of their resources to Moscow, and then the government will distribute them. What does that lead to? [Sverdlovsk] Governor Rossel, for instance, has already stated that he will not give half their profits to Moscow, since Tatarstan is to assign only 14 percent.

"As for safeguarding the principle of local self-government, the NDR does not think about that at all," Shakhray claims. "The movement thinks in terms of heads of administration and takes no notice of the leadership of cities and settlements, which is where Russia really begins. In short, a kind of 'Order of Swordbearers' is being formed, with a rigid structure, and thus the idea of counterposing a democratic coalition to the various extremists is destroyed. According to my predictions, we can expect a bloody showdown in March 1996, and yet we are failing to form a united front capable of standing up to the extremists...."

According to S. Shakhray, the president understood his point and shares his concern. The discussion with the premier was more difficult, but there was understanding here too. Chernomyrdin agreed that some aspects of NDR strategy must be rectified. In answer to the question: Is he worried about the danger of being ousted from the post of vice premier, or would that play into his hands? — S. Shakhray observed: "There is no need to oust me. Whether or not they throw me out will be a test of the premier's well-known dictum that the government and NDR are not the same thing."

At the NDR election headquarters, S. Shakhray's statement was received calmly. A member of the movement's executive committee who asked not to be named (apparently because he was unable to coordinate his actions with V. Chernomyrdin) told IZVESTIYA's correspondent: "The PRES leader's opinion differs from the content of the NDR program which has already been drawn up and will be made public at the movement's congress on 2 September. The problem of federalism and self-government is fully reflected in this document thanks to the energies of N. Travkin, who cannot be described as a supporter of unitarianism. As for the thesis that an 'administration party' is being created, that is far-fetched. No such thing could possibly be created today, however much you wanted to. Most likely S. Shakhray drew hasty conclusions on the basis of the discussions that are currently under way within NDR," our interlocutor stressed.

Derzhava Fund-Raising 'Aggressive'

MK0109124595 Moscow KOMMERSANT-DAILY in Russian 26 Aug 95 p 3

[Article by Natalya Arkhangelskaya: "Buy Yourself a Little of 'Derzhava'"]

[FBIS Translated Excerpt] The congress of the "Derzhava" socio-patriotic movement, led by former vice president and former political prisoner Aleksandr Rutskoy, opens today. In the opinion of the movement's leaders, it can count on receiving at least a quarter of the votes in December. However, elections are not only very much a game of chance, but also a costly game: engaging in it without a solid roll of money in one's pocket is not worthwhile. Therefore, it is curious to try to analyze the financial possibilities of "Derzhava" supporters.

Talking with your KOMMERSANT-DAILY correspondent, members of the "Derzhava" leadership insisted that their movement is indeed the country's only genuinely implacable opposition to the present authority. They consider all others "rather placable." [passages omitted]

Rutskoy's staff expects that all the bankers and entrepreneurs will calculate everything and invest a little in "Derzhava" not to pass up their lucky chance. However, they expect a waterfall of money only after "Derzhava," having collected 200,000 signatures, is officially registered with the Central Electoral Commission as a lawful participant in the elections. The point is that, in the opinion of the party leadership, the authorities will try to apply maximum effort to keep Rutskoy away from the elections (the Central Electoral Commission has more than enough methods to do that) and it is precisely this that accounts for the unwillingness of major business structures to invest money in "Derzhava" today rather than two months from now. "Derzhava" people maintain that firms that some time ago tried to give "Derzhava" financial support immediately ended up under surveillance of rayon administrations on combating organized crime, the tax police, and other agencies. These fears may very well prove needless, because now (unlike in

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1993) instructions seem to have been given from the top to let all opposition parties participate in the elections in a bid to make the contest between them as tough as possible.

The cost of an election campaign on a federal scale depends on a host of factors — from the leader's charisma to the effectiveness of the work of the party's regional branches — and may amount to between $5 million and $50 million. In the view of specialists, Rutskoy's "Derzhava" would have to procure $15 million for effective participation in the elections. The movement's methods of getting money from sympathizers are inefficient, albeit ingenious: using them, it is impossible to raise the needed sum. And the money would have come in handy yesterday, as they say. It is now time for a second congress, whereas the money to repay the debts for organizing the first one in April in the House of Unions' Hall of Columns has been scraped up with difficulty. A week from now, it will be possible to start collecting signatures, which also takes money. In the election headquarters of "Derzhava," they hope in this sense for a million supporters of the movement, while at the same time complaining of their being passive. Which is right: Only disciplined communists can collect signatures "for free;" for all others, one must shell out.

One of Rutskoy's main trump cards in the election campaign is Viktor Kobelev, number two on the "Derzhava" party list and number two on the LDPR [Liberal Democratic Party of Russia] list in December 1993. This man is regarded as one of the strongest organizers in the country and, they maintain, Zhirinovskiy largely owes his success in the past elections to him. A former prorector of the Bauman Moscow Higher Technical School, a well-known workshop for local entrepreneurs, Kobelev has extensive ties with businessmen, and the problem of raising funds, it seems, lies mainly on his shoulders. "Derzhava" apparatchiks maintain that they are not seeking money today in Moscow, from financial tycoons. However, this assertion does not mesh with KOMMERSANT-DAILY's confidential information, which says that General Rutskoy, on whose behalf Kobelev is acting, is trying today to get money from virtually all major entrepreneurial and banking structures in Moscow. In doing so, it is claimed, Kobelev couches his requests in rather aggressive terms. The trial by prison cell is behind the fighting general; the time for begging has arrived.

Fedorov's Party To Run Outside Bloc

LD3108230195 Moscow INTERFAX in English 2043 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (INTERFAX) — The Workers' Self-Rule Party [WSRP] headed by Svyateslav Fedorov will not enter a bloc with Stanislav Govorukhin's group that has split from the Democratic Party of Russia [DPR] and will go it alone in the elections. This decision was made by the WSRP governing body Wednesday night, the party's press secretary Vladimir Vorontsov told INTERFAX Thursday.

The WSRP had earlier held talks with Govorukhin on the setting up of a bloc. Govorukhin was expected to have his name among the top three candidates on the party list.

The DPR chairman Sergey Glazyev said at his party's convention that he would like for set up a bloc with the Congress of Russian Communities while his deputy Govorukhin advocated a coalition with Fyodorov's party.

Vorontsov said his party fears that the Central Election Commission can take exception to the legal status of Govorukhin's party and "annul the results of our electoral campaign."

Vorontsov explained that only party chairman Glazyev has a right to use his signature and seal on behalf of the party. In Vorontsov's words, Govorukhin refused to run on the WSRP list. As a result, one line at the top of the party list is now vacant.

Ryzhkov-Led Bloc Registered

954F3281B Moscow SOVETSKAYA ROSSIYA in Russian 26 Aug 95 p 2

[Report by Nadezhda Garifullina: "Registered"]

[FBIS Translated Text] The Power to the People! bloc, of which Nikolay Ryzhkov, former head of the government of the USSR, was elected leader at a joint congress of the Russian National Union, the Mothers for Social Justice movement, and the Union of Officers, was registered on Thursday, 24 August. He announced at a news conference in the State Duma devoted to this event that the bloc would also include Krasnodar Kray's Fatherland movement, the All-Russia Workers Coordinating Council, the Union for the Social Protection of Children, the Patriotic Women's Union, the Soyuz people's movement, and the Power to the People! movement with its regional branches in approximately 25 krays, oblasts, and republics.

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Muslim Groups Consider Plans

954F3250A Kazan IZVESTIYA TATARSTANA in Russian 26 Aug 95 p 1

[Report by Artem Karapetyan: "Muslim Lobby at the Elections: For and Against"]

[FBIS Translated Text] A conference of the Union of Muslims of Russia, at which the decision to nominate candidates of the Union for the parliamentary elections was made, was held recently in the Bashkir city of Sibay.

The idea of the participation of Muslim representatives in the election race only on the principle of religious affiliation has evoked the criticism of a number of religious figures. Supreme Mufti Talgat Tadzhutddin, chairman of the Central Religious Administration of Muslims of Russia and European Countries of the CIS, expressed a negative view of the congress. Religion and politics, in his opinion, "should stick to their own respective business, their merger could have undesirable consequences." Nafigulla Ashirov, chairman of the Executive Committee of the Supreme Coordinating Center of Religious Administrations of Muslims of Russia, declared that his center also had no intention of participating directly in the work of the Union of Muslims. The religious organizations that are a part of the center will work in the Union merely as observers and "watch to ensure that the newly formed Union not employ pseudo-Muslim slogans in its work."

Marat Mulyukov, president of the All-Russia Tatar Social Center, announced that representatives of the organization that he heads did not take part in the Sibay conference. Gabdulla-khazrat, mufti of Tatarstan, observed in an interview with IZVESTIYA TATARSTANA that Tatar religious circles "have yet to formulate their position on this matter."

In turn, Tatarstan's President Mintimer Shaymiyev, as IZVESTIYA TATARSTANA has already reported, expressed at a recent news conference a negative attitude toward the politicization of the Union of Muslims since under the conditions of multi-faith Russia "this could hardly lead to a strengthening of interethnic harmony." It is easy to assume that his authority will influence the position of potential participants in the Union.

The main drawback of the latter is the elevation of the religious principle to a level of paramount importance. Of course, there are political parties with a religious connotation in a number of countries—the Christian democratic unions in Germany and Italy, the Catholic parties in Spain. But the presence of original political and economic programs is, for all that, what is most important in their activity, not the mere fact of this creed or the other. The Union of Muslims has not put forward a specific program. It is possible that this will happen at its congress, which it is contemplated convening in Moscow on 29-30 August.

Meanwhile 100 candidates for Russian parliament deputy have been nominated for the coming elections by the Nur all-Russia Muslim movement. According to Khalit Yakhin, chairman of the movement, 10 of them will take part in elections in single-mandate districts, the rest, by party slate. He declared also that "it is realistic for the movement to muster the minimum number of votes necessary—5 percent—but Nur is hoping to obtain twice as many." Yakhin himself plans to run at the 1996 presidential elections.

One further version of Muslims' participation in the elections is unification with the Independent Candidates bloc. Its creation has been initiated by Duma members who intend to run in single-mandate districts. But they want to take out some insurance: They are running in parallel on the election association slate.

Heading the list are Ilya Roytman and Yevgeniy Fedorov (of the Stability group of deputies) and Irina Zubkevich (Russia group of deputies). Among the possible participants in the new bloc, aside from the single-mandate candidates, are the United Democratic Center, the All-Russia Cultural Tatar Center, the Association of Exporters and Investors, and certain other public organizations that have no particular importance in society by themselves.

Commission Registers, Refuses Blocs

MM0109090495 Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 p 3

[Unattributed report: "Acronym Still Does Not Make a Word"]

[FBIS Translated Text] The Russian Federation Central Electoral Commission [CEC] has issued a decree registering the following electoral blocs for the elections of deputies to the State Duma, second convocation:

— "We Serve Russia!" comprising the "Russian Economic Society of Reservists" and the "'Russia Revived' People's Foundation" electoral associations;

— the Ivan Rybkin bloc comprising the electoral associations "'People's Movement-Russia (Union)' Sociopolitical Association," "'Russia's Regions' Public Association," "Russian Union of Young People," "'Accord' Sociopolitical Movement," "'My Fatherland' Sociopolitical Association," and "'Union of Realists' Sociopolitical Movement";

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"Power to the People!" comprising the "Russian National Union" (political party) and the "Movement of Mothers 'For Social Justice'" electoral associations.

At the same time the Central Electoral Commission decreed that the "P.B. Struve Historical-Educational Foundation" and the "Scientific and Technical Intelligentsia Party" public associations should be refused registration, attributing the rejection to the fact that the use of the acronym "FNS," which has no meaning, as the electoral bloc's name contravenes the principle of electoral openness and glasnost (the acronym "FNS" is not a word and cannot be placed on a ballot paper as the name of an electoral bloc since in accordance with the norms of contemporary Russian language a name is made up of a word or several words).

Newspaper Details Servicemen's Electoral Rights

MM3108155495 Moscow KRASNAYA ZVEZDA in Russian 31 Aug 95 pp 1, 2

[Interview with Nikolay Ryabov, chairman of the Russian Federation Central Electoral Commission, by Vladimir Yermolin; place and date not given: "Serviceman's Electoral Rights Protected by Russian Federation Constitution"]

[FBIS Translated Text] The more active the election campaign becomes, the more questions our readers have. As a rule, many of them can be answered by a careful reading of the Russian Federation Constitution, the Law on Elections to the State Duma, and the Laws "On Defense," "On the Status of Servicemen," and "On Military Obligation and Military Service." But there is no denying that an authoritative explanation is never out of place. Especially since the voter in uniform is actually having to deal with specific interpretations of his electoral rights and duties.

Nikolay Ryabov, chairman of the Russian Federation Central Electoral Commission, agreed to answer a number of the questions most frequently encountered in the reader's mailbag.

Servicemen Not Denied Access to Parliamentary System

[Yermolin] Does the existing law contain certain restrictions on servicemen's electoral rights?

[Ryabov] It would be more accurate to say that there is a certain specific method of exercising the constitutional rights of citizens who are servicemen. But there are absolutely no restrictions which place servicemen at a disadvantage compared with civilians. For example, there is the right to be elected a deputy. A servicemen can nominate himself or he can be nominated by an action group which can begin to collect signatures on his behalf. In this regard he has the same rights as any prospective deputy. After the signatures have been collected, a registration made on the basis of these documents, and a personal application submitted to the district commission, the serviceman requests leave of absence to take part in the election campaign. **Leave of absence must be granted to a serviceman who has registered as a candidate deputy.** From the moment he receives his candidate deputy's certificate to the time the results are announced, the serviceman enjoys all the rights of a candidate deputy. In particular, the cost of leave (he receives unpaid leave from his military unit), traveling costs, and so forth are funded by the federal budget. If a serviceman is elected a deputy his service in the Russian Federation Armed Forces is suspended. The law does not provide for secondment.

"Vote for the State Duma Candidate"

[Yermolin] Nikolay Timofeyevich, it is no secret that military units are very tempting targets for people collecting signatures. Some people believe that you only have to make friends with the leadership and whole regiments will sign up, regiment by regiment. Crowds have already appeared at the checkpoints. What is the procedure here?

[Ryabov] First of all, let us state that servicemen, like all other citizens, have the right to sign the signature lists. And commanders have to provide all the conditions necessary for the exercise of that right. But there are other factors to consider, such as the military regulations, the plan of the day, and combat training.... The election campaign must not be allowed to upset the normal course of military service. That is why the Central Electoral Commission's instructions advise military unit commanders to issue their own order prescribing the time and place for the collection of signatures based on the actual conditions of service in each specific instance. What does this mean? For example, signatures may be collected at a given time in premises adjoining a checkpoint, in the soldiers' mess, or in the club. I repeat, this is the commander's decision. The main thing is that the venue must be accessible to servicemen themselves. Efforts must be made in advance to ensure that information is given in the local press regarding the procedure for the collection of signatures among servicemen so as to avoid unnecessary tension outside checkpoints and claims that servicemen's rights are being violated. We hope that the Defense Ministry will not delay in issuing the corresponding defense minister's order in the light of our instruction. Otherwise there could be conflict situations with the people collecting signatures and absolutely no one wants that. As for the chief putting pressure on his subordinates during

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the election campaign, this is a flagrant violation of the law. For example, supposing an officer from a particular unit visits a barracks and begins asking the soldiers to sign up for a particular candidate or electoral bloc, that would be a direct violation of the existing laws. Or suppose a commander lines his subordinates up and leads them out of the unit to attend an educational event...and it proves to be a meeting with a candidate deputy. That is also high handed and a flagrant violation of voters' rights. **No matter how well known or high ranking a prospective deputy may be, he may not have access to the territory of a military unit.** But if a serviceman is on furlough and wants to join other citizens listening to a particular candidate, he can unquestionably do that. **A serviceman whose electoral rights are violated by the high-handed conduct of the commander has the right to appeal directly to the district electoral commission or the court.** In this instance the regulation requirement that complaints may only be made via the commander does not apply. In other words you can make your complaint "over the head" of the commander.

"Campaigners of All Shades Are Prohibited From Entering a Unit's Territory"

[Yermolin] Nikolay Timofeyevich, signature collectors might also be talkative campaigners who distribute information concerning their party or bloc.

[Ryabov] That is why our instructions stipulate that people who collect signatures must only carry signature sheets and the federal lists of their electoral blocs. They must not have any propaganda information. There must be no campaign speeches. **The law clearly prohibits political agitation in any form on the territory of military units. The unit commander bears the responsibility for ensuring observance of the law.**

[Yermolin] According to our correspondent's report from the Baltic Fleet, leaflets have been distributed on the fleet's ships and in its units signed by Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia [LDPR], and promising servicemen all kinds of benefits if the LDPR comes to power....

[Ryabov] First, in this particular case commanders must remove all propaganda literature and leaflets. Second, there must be an inquiry to find out how the leaflets found their way onto the military unit's territory. Then there must be a report to the appropriate electoral commission. The commission must also determine the level of blame of the relevant electoral association. But it cannot be ruled out that all this might be a stunt designed to discredit a rival, in this case the LDPR. That is why, I stress once more, each such case must be investigated thoroughly.

[Yermolin] However, the serviceman has the right to obtain information about the candidate deputies and electoral blocs and parties taking part in the election campaign. How is this right being exercised in the conditions typical of barrack rooms and ship's quarters?

[Ryabov] A unit's command must ensure that servicemen have access to all official information relating to the State Duma elections. Official information means information published in the state press organs or originating from the Central Electoral Commission and district electoral commissions. That is the first point. Second, there is the problem of television. We announce the schedules for appearances by candidates and leaders of electoral associations — 30 minutes a day — in advance. But the approach must be as follows — either you watch the lot or none at all. The political preferences of certain commanders might mean that there will never be enough time to watch "undesirable" candidates or blocs "because of official commitments." But they can find time for "their" electoral association come what may. "Subtle" propaganda of this kind is a violation of the soldier's electoral rights. **If on some specious pretext servicemen are given printed matter or shown a television speech by just one electoral bloc on the territory of their military unit this is a flagrant violation of the law.** If the command says: "We suggest that you watch the broadcasts of just one electoral bloc, it isn't practical to watch the rest," that argument won't work. If it is impractical to give the floor to even one electoral association you shouldn't watch any election broadcasts at all.

Servicemen must always remember that the Constitution and the laws of the Russian Federation are there to protect their electoral rights.

Poll Instructions Issued to Regional Offices

MM0109095295 Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 p 3

[Report by Russian Federation General Prosecutor's Office Center for Information and Public Relations: "If Conflicts Or Disputes Suddenly Arise, the Prosecutor Is There"]

[FBIS Translated Text] Acting Russian Federation General Prosecutor Aleksey Ilyushenko has sent instructions to the prosecutors of Russia's republics, krays, oblasts, and autonomous okrugs and to military and transport prosecutors regarding the organization of supervision by the prosecutor's office of compliance with legislation governing the election of State Duma deputies.

He asked them to ensure rigorous supervision by the prosecutor's office to eliminate patent violations of the

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legislative norms on elections during the formation of electoral districts, the constitution of electoral associations and blocs, election campaigning and the procedure for holding election meetings, and the adoption of decisions by electoral commissions both during the voting or when totaling the results.

He asked that particular attention be paid to the observance of the prescribed dates for the examination of complaints, statements, and press reports about violations of the rights and duties of electoral blocs and associations, candidate deputies, and citizens of the Russian Federation.

Media Issues

Yeltsin Addresses Democratic Press Forum

LD0109085095 Moscow ITAR-TASS in English 0818 GMT 1 Sep 95

[By Tamara Ivanova and Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, September 1 (ITAR-TASS) — Pressing problems facing the journalist community of the Commonwealth of Independent States are on the agenda of the Democratic Press Forum which opened in Moscow's President Hotel today.

Russian President Boris Yeltsin addressed the forum to stress the role of the media in the election campaign. He noted that the media was likely to become one of the central battlefields in the course of the pre-election struggle, and their position will determine to a large extent what character that struggle would acquire.

"Regardless of whom one or another media outlet supports and what views the journalist shares, I think it is obligatory to maintain correct and honest relations with the competitors," the President stressed.

President Yeltsin called on the journalists to think about ways of putting up barriers to "doctoring information, degrading opponents or discrediting their views."

He described as just many critical remarks voiced by the press with regard to the "well-known instruction of the Central Election Commission" concerning press coverage of the election campaign and expressed the hope that the Commission would study such critical remarks thoroughly.

At the same time the head of state pointed out that "no instruction can eliminate lack of conscience and lies — they will sneak everywhere."

"I hope that the editors, and above all, journalists themselves, will approach the election campaign with a maximum sense of responsibility."

The President told journalists that he was in the middle of a series of meetings with the leaders of numerous election movements and alliances and stressed that as the head of state he could not back only one alliance "Russia Is Our Home."

"I will support those whose programmes are democratically-oriented towards further reforms and social protection of the Russians," he said.

The forum organised by the confederation of journalists union and Russian public and television has brought together journalists from the CIS member-countries and the Baltics.

Criticizes Attempts To 'Muzzle' Press

LD0109105295 Moscow INTERFAX in English 0947 GMT 1 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 1 (INTERFAX) — Russian President Boris Yeltsin sees attempts to deny the media access to socially significant information and insult critically-minded journalists as criminal offenses.

Addressing a democratic press forum Friday, Yeltsin pointed out that "a gap exists, if not grows, between the legal provisions on the freedom of the press and daily practices."

Journalists are entitled to have and voice their own view of developments and the government should protect their right to do so, Yeltsin said.

Nonetheless, journalists come under pressure and are denied access to socially significant information. Some of them have been insulted by the authorities for their critical stories, Yeltsin said. Moreover, "economic levers are often used for the suspension of eyesore publications."

"Why, then, have criminal proceedings opened into only one case of "hindering journalists' legitimate professional activities" in 1994 and into three in 1995," Yeltsin asked.

Attempts to withhold socially significant information posed the most pressing problem, he said.

Press and public relations centers under many agencies and "structures" were founded in the past few years only to "serve as a barrier between the government body in question and the press." "They are busy doling out information and twisting facts and, Yeltsin said, take it upon themselves to censor media publications."

Along with that, Yeltsin urged media people to consider their every word and remember the difference between facts and opinions, analysis and emotions, and, "most

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importantly, between the interests of Russia and the interests of various political forces." This last thing was inadmissible, Yeltsin said.

Yeltsin reminded the media people that the federal law on the media bans the incitement of violence and social, ethnic and religious differences "which are played up in violent attempts to infringe on the territorial integrity of Russia."

Yeltsin refused to identify publications which indulge in attempts to disregard that ban. "The Prosecutor's Office is either paying no attention to such attempts or simply covering up for the transgressors," Yeltsin said. In either case, he added, it acts to discredit the idea of the free press.

Yeltsin sees political and ideological pluralism as "one of the most important constitutional achievements that must be protected."

He lashed out against "incessant attempts to revive, by hook or by crook, one state-sponsored ideology and, consequently, muzzle the free press."

The media are coming to see financial difficulties as the most pressing but "the press cannot do without government support in a transition period." "It is inadmissible to watch media publications which propelled the country on the road to reform fade into oblivion," Yeltsin said.

Yeltsin censured the authorities for "unwillingness to form contacts with journalists." Apparently, he said, "the power structures are far from effective and leave much room for improvement. They are afraid that openness will bare their imperfection to the public eye."

According to Yeltsin, "the ineffectiveness of the power structures is both their own and everyone's headache. Every step towards improvement translates into a step towards the press and towards more openness."

Yeltsin favored plans for the creation of an information policies council under his control and the existence of information hotlines which will enable media people to get early information from the government "instead of hunting for it."

Addressing the election race, Yeltsin pointed out that "its character will depend, to a large extent, on the journalists' position." He doubted whether "electoral campaigning must be gladiatorial or turn into a cockfight." He requested the media people to think what can be done in a bid to "fight attempts to twist facts, humiliate opponents and discredit opponents' views."

In conclusion, Yeltsin pointed out that the Administration's call for more freedom and democracy matches the journalists' call for "more reliable and timely stories, including stories of national importance."

Yeltsin refused to sign a new criminal code unless it provided punishment for attempts to hinder journalists' legitimate professional moves.

Military & Space Issues

Defense Ministry Receives Half Pay; Supplies Cut

MM3108121095 Moscow KRASNAYA ZVEZDA in Russian 31 Aug 95 p 1

[Report by Ivan Ivanyuk: "Lack of Cash Disrupts Army Routine"]

[FBIS Translated Text] Moscow — In August the Finance Ministry has only provided 52.6 percent of the planned funding for Defense Ministry requirements. As a result only one-third of servicemen will be able to receive their wages, and even they will be delayed.

The disastrous consequences of the Army's effectively being cast to the will of fate are growing day in, day out: There is no food for personnel and no money for seasonal vegetable procurements or to prepare for winter. Military camps are still having their gas, power, and water supplies cut off — a few days ago Moscow Oblast's Chkalovskoye garrison suffered this fate.

Ukrainian, Chilean Satellites Fail To Separate

LD0109104595 Moscow ITAR-TASS in English 1024 GMT 1 Sep 95

[By Anna Bakina and Igor Gritsenko]

[FBIS Transcribed Text] MOSCOW, September 1 (ITAR-TASS) — The Ukrainian oceanographical apparatus Sich-1 entered a near-polar orbit with parametres close to the targeted and a period of revolution 98.7 minutes. The parametres are as follows: an inclination of 82.53 degrees, an apogee of 682 kilometres, a perigee of 651 kilometre, sources at the Mission Control Centre told Tass.

Despite all attempts by the Centre's experts and officials of the Ukraine's Yuzhnoye design bureau, the Ukrainian and Chilean satellites are still orbiting together. However, more attempts will be made today.

The presence of the Chilean FASat-Alfa will not affect the operation abilities of Sich-1, whereas FASat-Alfa will be unable to operate properly together with the Ukrainian satellite.

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Federal Assembly

Duma Deputies Petition To Convene on Bosnia

LD3108164795 Moscow INTERFAX in English 1614 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (INTERFAX) — Deputies of the Russian State Duma, parliament's lower chamber, began today collecting signatures to convene a Duma extraordinary session to discuss the "fundamentally new situation in the Balkans."

The petition was initiated by Chairman of the State Duma Committee on Economic Policy, leader of the national council of the Democratic Party of Russia Sergey Glazyev.

In particular, State Duma Deputy Chairman Aleksandr Vengerovskiy (LDPR) [Liberal Democratic Party of Russia] and member of the Agrarian Party's faction Andrian Puzanovskiy signed the appeal urging a debate on "NATO unleashing war in the Balkans," including "the responsibility of the government and Foreign Minister Andrey Kozyrev in particular."

Under the appeal, the bombardments of the Bosnian Serb positions launched by the NATO air power are considered as "full-scale war against the Serbs" and an action aimed at resolving the Bosnian crisis by force.

Under the appeal, the use of "the NATO military machine in the Balkans" "has become possible largely due to the weak, inconsistent stand of the Russian Foreign Ministry, which suffered a final defeat."

An emergency session of the State Duma can be initiated by any parliamentary faction with the signatures of a fifth of the deputies (90).

The State Duma already held one extraordinary session during the present parliamentary recess. The emergency session was called on August 12 in order to override the veto cast by the Federation Council, parliament's upper chamber, on the law on electoral district boundaries.

Regional Affairs

Power Cut at Kaliningrad Military Facilities

WS0109084795 Kaliningrad STRAZH BALTIKI in Russian 24 Aug 95 p 1

[Report by Yu. Ilyin: "In a Power Blockade"]

[FBIS Translated Text] Many military facilities of the Baltic Fleet and the 11th [Independent Combined Arms] Army have found themselves affected by a power blockade as a result of being cut off from the industrial electric power network.

In the last days of the passing summer, an event occurred — unprecedented both in the Kaliningrad Special District as well as in Russia's entire Armed Forces. Probably, the world has not experienced anything of this kind either. What the Ministry of Power Engineering was persistently striving for has in fact happened. In accordance with governmental decree No. 760 "On Certain Measures To Stabilize Electric Power Rates," indebted consumers are being systematically cut off from the state electric power network.

Among the "persistent defaulters" of the Kaliningrad Oblast, military facilities of the Defense Ministry were the first candidates for the power cutoff, just as expected. The indebtedness of many military units for consumed energy has long been chronic. In the conditions of a budget deficit, however, this illness of mass nonpayments is a national problem and not just a problem for one separate department. In addition, as is known, the Defense Ministry does not produce anything given its particular nature, and it cannot cover its expenses by any other financial revenues. All hope lies in funds coming from the budget. But the coffers are empty....

As of today, the Baltic Fleet alone did not receive the due 15.3 billion rubles [R] from the budget! Would this money suffice to repay all debts with usurious interest rates and cover current expenses? Undoubtedly! Probably, there would be even some money left for solving a number of pressing social issues that have burdenedg various fleet structures in recent years.

One can only wonder what the government thinks, signing with one hand a document that asserts the rights of the military for power consumption, and with the other hand crossing everything out? Nobody is allowed to damage Russia's national interests, its defense capability, and the combat readiness of the Armed Forces in such a thoughtless way, driven by some circumstantial considerations. And still, ignoring common sense (it is difficult to put it any other way), the government passes the well-known decree, immediately followed by penalty sanctions. What for? To put imaginary budget funds from one empty government pocket into another? And what is the end result?

The management of the "YantarEnergo" joint-stock company decided in the first place to get even with the military, taking advantage of the fact that they had been finally given a free hand. Two days ago, five military facilities of the Baltic Fleet and of the 11th Army were cut off from the industrial electric power network. Moreover, subunits of the Air Defense Forces and Air Forces on alert duty were among them. Electric power supplies were stopped for a number of military units deployed on Kaliningrad Oblast's territory. The plans also envisage a power cutoff at the military facilities of the Baltic Fleet's main base in Baltiysk.

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The first days, when the military units and subunits were on an energy hunger ration, have already had a disastrous effect on the entire well-adjusted system of controlling the Kaliningrad Special District forces. Many units, currently carrying out combat tasks, are forced to use electric power from independent sources of power supply. However, the reserve of their resources is extremely limited and is considered untouchable, set aside for unforeseen and emergency situations [last two words underlined]. Evidently, the cataclysm has come. Probably, there is nothing left to be done for the Kaliningrad Special District but to accept the unfavorable conditions of the game and to prepare for a lengthy power blockade....

Still, one would like to believe that common sense will prevail sooner or later in this much dragged-out story. According to the fleet's chief power engineer, N. Mikhaylovskiy, currently the Baltic Fleet does not have required funds to fully repay debts for electric power. Everything points to the fact that the funds will not appear tomorrow either. State treasury bills, transferred in July 1995, in the amount of R900 million for clearing former debts did not remove the urgency of the problem. In this kind of situation, one is only left to count on Moscow's "generous hand" and the wisdom of our government to consistently defend state interests. In the final analysis, the level of the Armed Forces combat readiness depends on the government's wisdom for the security of our borders and a peaceful morning for tomorrow.

Irkutsk Electoral Commission Chairman Interviewed

954F3253A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 24 Aug 95 p 1

[Interview with Valeriy Andriyanov, chairman of the Irkutsk Oblast regional electoral commission, by VOSTOCHNO-SIBIRSKAYA PRAVDA commentator Yuriy Pronin; place and date not given: "The Start of the Election Campaign"]

[FBIS Translated Text] On 17 August, Russian President Boris Yeltsin signed a federal law "On Approving the Map of Single-Mandate Districts for Elections of Deputies to the Second-Term State Duma of the Federal Assembly of the Russian Federation," adopted earlier by the parliament's lower house. The day before yesterday the map was published in ROSSIYSKAYA GAZETA. Hence, the last legal obstacle has been removed and official go-ahead given to the election race. What can we expect in the near future? VOSTOCHNO-SIBIRSKAYA PRAVDA commentator Yuriy Pronin asked Valeriy Andriyanov, chairman of the Irkutsk Oblast regional electoral commission, to comment on this.

[Andriyanov] First of all, I want to remind you that the 17 December elections to the State Duma will be held by a mixed, proportional-majority principle: 225 deputies will be elected from the federal district (party lists) and as many will be elected from single-mandate districts. Right now regional branches of electoral coalitions (parties, blocs, movements) either are finalizing the nominees for the federal district slate, or are getting the list as a whole approved at all-Russia congresses (conferences), or are registering their lists with the Central Electoral Commission [CEC]; some already began collecting the 200,000 voter signatures needed to participate in the second, final phase of the election campaign—of which no more than 7 percent, that is, 14,000, can be collected in any single region (republic, kray, oblast, autonomous okrug). This restriction was introduced in order to expand the regional presence in the party lists, which in the past were dominated by Muscovites.

From the moment the law "On Approving the Map of Single-Mandate Districts" was published, formation of district electoral commissions began and will have to be completed no later than on 15 September; half of their membership must be approved by the governor on the basis of recommendations from public organizations, labor collectives, and individual citizens, and half by the legislative assembly. However, initiative groups in support of candidates running for deputy seats in majority districts already may begin collecting signatures, with the subsequent notification of district commissions of their activities. This requires the support of at least 1 percent of district's eligible voters, that is, approximately 4,500 persons. The rules for registering and formal requirements for signature lists are listed in detail in the law "On Elections of State Duma Deputies." Collection of signatures in federal and single-mandate districts must be completed 55 days before the elections, that is, by 22 October.

[Pronin] How many deputies will represent our oblast in the next State Duma?

[Andriyanov] It is very difficult to predict the final number of those elected from party lists, but in single-mandate districts the region has the right to elect four deputies, which corresponds to Irkutsk Oblast's share in Russia's population. Electoral District No. 88 includes Angarsk (center), Usolye-Sibirskoye, Cheremkhovo, and Shalekhov, Angarskiy, Svodyanskiy, Usolskiy, Chremkhovskiy, and Shalekhovskiy Rayons; District No. 81: Bratsk (center), Bodaybo, and Ust-Kut, Balaganskiy, Bodaybinskiy, Bratskiy, Zhi-

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galovskiy, Irkutskiy, Kazachinsko-Lenskiy, Katangskiy, Kachugskiy, Kirenskiy, Mamsko-Chuyskiy, Olkhonskiy, Ust-Kutskiy, and Ust-Udinskiy Rayons; District No. 82: Irkutsk; District No. 83: Tulun (center), Zima, Nizhneudinsk, Sayansk, Tayshet, and Ust-Ilimsk, Zadarinskiy, Ziminskiy, Kuytunskiy, Nizhneilimskiy, Nizhneudinskiy, Tayshetskiy, Tulunskiy, Ust-Ilimskiy, and Chunskiy Rayons. One deputy will be elected on the territory of Ust-Orda Autonomous Okrug, which is a federation component. Contrary to our wishes, the map is far from ideal—for instance, Irkutsk rural district is joined with Bratsk instead of the oblast center.

[Pronin] Will the state automated ballot-counting system "Elections" be operational?

[Andriyanov] Yes. Next week the equipment will start arriving at district centers, and we hope that the mayors of Irkutsk, Angarsk, Bratsk, and Tulun will make space for computers available in a timely manner and assign people to work with "Elections" system administrators. By December, two computers will be installed in each city rayon administration. Overall, elections are handled first of all by district and precinct electoral commissions, while the regional commission offers methodological guidance, carries out oversight functions, and deals with financial issues. Allocation of needed space and verification and transfer of voter lists to district commissions will be handled by city and rayon administrations under the general guidance of the oblast administration's task force set up by the governor's decree for assisting in organizing the election campaign (chaired by the deputy head of the administration, V.V. Bayavidin).

[Pronin] Does the law stipulate additional rules or restrictions on the activities of the press in covering the first stage of the election campaign?

[Andriyanov] No, but there will be some during the second—decisive—stage, after signature collection and candidate registration is completed, and candidates will begin actual campaigning. I hope that the mass media will facilitate an orderly, organized conduct of the campaign, and help the voters make a conscious choice.

Rossel Interviewed on Sverdlovsk Election Victory

954F3256A Moscow LITERATURNAYA GAZETA in Russian No. 34, 23 Aug 95 p 12

[Interview with Eduard Rossel by correspondent Natalya Zenova; place and date not given: "If I Am Out of Favor, It Is With the Bureaucrats"]

[FBIS Translated Text] Yekaterinburg—So, Eduard Rossel, chairman of the Sverdlovsk Oblast Duma, is the victor. He has won Russia's first gubernatorial elections. The ideas championed by Eduard Rossel and the goals that he is pursuing are shared by his supporters in many regions of Russia. And it is important for society to know what these ideas and goals are.

[Zenova] Judging by the enormous interest evoked by the Sverdlovsk Oblast gubernatorial elections, their significance goes far beyond the oblast itself. In congratulating you on behalf of LITERATURNAYA GAZETA and its readers on this election victory I would like to ask: What does it mean for Russia?

[Rossel] I believe that Russia will be an entirely different country. This is not an exaggeration because I know that the vast majority of regions are behind me. Their chiefs repeatedly told me plainly: You just break through... Russia will become a truly democratic state, all components of which will have equal rights. No revolutions are needed for this—everything is already recorded in our constitution.... Yes, this was a big victory—the constitutional proclamation of the political and economic equality of the oblasts, krays, and republics, and I am proud, I make no secret of it, that it was our oblast that prompted the Russian parliament to take such a step. I am sure that this was a breakthrough for tens, if not hundreds, of years ahead.

[Zenova] It interesting to look so far ahead, of course, but I would like to see practically what independence will do now, under our very difficult conditions of the "transitional period".

[Rossel] It is sufficient to compare how the republics, which have no need to solicit anything from the center, and the oblasts are coping with their problems.... In the republics, as a rule, things are going considerably better, and we can understand why: They have financial independence, their own property, their own bank, their own judicial authorities, and so forth. Now see how we are living. Take the financial bank: The treasury department is federal; the financial department, federal; the tax inspectorate, the tax police—all nonbudgetary funds—all federal. Let's take property: The Committee for the Administration of State Property is federal; the Antitrust Committee, federal; the Committee for Land, federal. That is, both finances and property are administered by the center, administered like a colony. So who is he today, the head of the oblast administration? Simply Moscow's dispatcher for the distribution of huge financial resources. And we pay the treasury 50 percent of taxes here; the republics, far less. Tatarstan, for example, 14 percent; Bashkiria, 26 percent.... And I do not understand, I do not want to understand, why, for example, a Tatar in Yekaterinburg should be three times worse off than a Tatar in Kazan!

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No, the equality of the components of the Federation is for me not simply a high political category, it is first and foremost the equality of people, each of us. This is what we are fighting for, but our adversaries remain doggedly silent about this.

[Zenova] If you see the governor's office as being that of a dispatcher, why did you endeavor so to occupy it? Struggling, what is more, against the adversary's manifestly superior forces—both in terms of financial support and in the sense of moral pressure (this was demonstrated very graphically by the election campaign itself). What sort of passion is this—to be an eternal political kamikaze?

[Rossel] But a person has to see what has been started through to completion. In 1993, when I was head of the administration of the oblast, we had managed to take only the first step—and I was sacked. I was forced to circle for 18 months: to run for the Federation Council and the oblast Duma, become its chairman, and run for governor—because only as governor could I take the second step: see that everything recorded in the Constitution of Russia and the oblast charter be put into practice. Laws do not, you know, execute themselves, there has to be the will to execute them. I frequently recall Suvorov's words: It was smooth on paper, but they forgot about the ravines. Now the time has come to overcome the ravines.

[Zenova] You recalled your dismissal from office—because of an aspiration to independence....

[Rossel] No, because of a misinterpretation of our goals.

[Zenova] Well, for what was interpreted as "separatism," let's say. The "out-of-favor Rossel" had been firmly appended to you since then. Nonetheless, the president who dismissed you afforded the "out-of-favor Rossel" an opportunity to be the first to hold gubernatorial elections—even sooner than the "beloved Nemtsov"....

[Rossel] But what resistance there was! The entire legislative base for elections in the oblast had been prepared long ago, but the Duma had to appeal to the president several times for the elections to be authorized. But we simply could not get an answer. Then the deputies sent an inquiry to the Constitutional Court. I told Filatov: Sergey Aleksandrovich, you should not let matters go to court, don't make a hero out of me—I don't want this. You understand, I would win the case, and the world would know that I had beaten the president. Let's do everything quietly, without excesses.... It was of no avail. And only after a discussion between the chairman of the Constitutional Court and the president did the edict see the light of day.

So the enemies are the bureaucracy. I recall that when I asked permission to conduct an experiment in our oblast—only an experiment—in economic independence, the president was "for," Chernomyrdin was "for," the papers went round the ministries, and all were "against." Well, what's the point of recollections! The further you go, the worse it gets: Not a single issue can be settled legally in Moscow because all the officials are tied to one another. If, going by official data, the British, as island inhabitants, are related fourfold, Muscovites in the bureaucracy and administrations are probably relatives tenfold: Everyone fixes up with another a son-in-law, a father-in-law, a son, a grandson—one's own people all around. You have only to arrive in Moscow, and it's like being in a big village, all the ministries know: Rossel is here!

The officials are, understandably, opposed to the regions acquiring new, now absolutely legal, authority: How would they then administer, on what would they live as parasites? They would simply be out of a job! And this being the case, they have no need of any new Russia, however much they swear by it.

[Zenova] But it is said about you that Rossel started this whole thing going because he wants to dispose of the resources and the wealth of the Urals by himself.

[Rossel] Well, why would it not be said! This is simpler, more profitable, and more intelligible to the ordinary man than thinking about our true intentions and analyzing our program seriously. No one, for some reason or other, is shouting from the rooftops that we want to carry through within the oblast just the same division of authority as with Moscow and that we will release a large part of the budget downward, to the cities and townships. We want true local government, real democracy—at all levels. It is this that will be the power of the people.... Back in tzarist Russia, incidentally, the tzar collected from the province only 10 percent of the tax, the remaining 90 percent being left in the province, and the governor would give the lion's share to local government, what is more. We broke with all this, but the world has taken this path....

And what is extraordinarily important and what simply has to be mentioned is that our independence is cutting off the roots of bureaucratic corruption on the Moscow-region ligament. Within the oblast we will introduce universally the application, not the licensing, principle of the registration of economic and entrepreneurial activity (what is not banned is authorized), and the ground will simply be knocked from under the feet of local bribe-taking officials.

Generally speaking, if I am out of favor, it is only with the bureaucracy.... And what, incidentally, according to

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our constitution, is now recorded for our president, for what is he responsible? For the borders, defense, the railroads, space, basic research.... Two or three other items as well. And that's it! The rest is ours.

[Zenova] You mean that there's no longer any need to be concerned particularly about whether one is out of favor with the president or not and that there is no need to try to become established as a favorite?

[Rossel] None whatsoever. The human relationship is another matter. Boris Nikolayevich and I are not, after all, people who are alien to one another.... And I, of course, had a hard time of things in not having been able for a long time to get to see him to explain matters. A year and 10 days! I could write a book, with what influential people I was in touch and how many times the president gave the order for me to be included on his schedule of meetings— for October, for November, for December.... I was not included. When the meeting did take place, it was very warm—I was simply astonished even. And this was not a diplomatic move, I know him well.... On the last occasion he asked me: An edict will be issued, will you win the elections? I will, I said. Otherwise why bother with all this?

[Zenova] And if you had lost and the present head of the administration, Aleksey Strakhov, had won? What would this have meant—I return to the first question—for Russia?

[Rossel] Strakhov has declared repeatedly that he has no need of any freedom, no authority is required. It is important merely to have a good attitude toward the center—and the center will have a good view of us. There is no question of any local government, of course—he has already said that he would appoint all administration chiefs. So no freedom and democracy. A rollback—to the unitary system of government. I believe that this would be disastrous for Russia.

Trade Union Enters Novosibirsk Election Campaign

MM3108145295 Moscow ROSSIYSKIYE VESTI in Russian 25 Aug 95 p 2

[Report by Igor Shestakov: "Lipitskiy Nominated In Novosibirsk"]

[FBIS Translated Text] Novosibirsk's first instance of a candidate deputy for the State Duma being nominated not at the initative of the candidate himself but at the initiative of a public committee has been recorded.

This precedent had already occurred somewhat earlier in Moscow. A public committee was set up there in support of the election of Boris Yeltsin for a second term as president. Novosibirsk also saw the nomination of an inhabitant of the capital, Vasiliy Lipitskiy, who, as we know, is a deputy of the present Duma. The committee specially set up on 15 August has only 18 members — schoolteachers, doctors, higher education establishment and university teachers, and chairmen of sector trade unions. Viktor Babakov, chairman of the oblast committee of the Federation of Independent Trade Unions of Russia [FITUR], was behind the organization of the committee and became its chairman.

Addressing the first session (which, incidentally, was held at the oblast trade union council headquarters), the leader of the FITUR oblast committee said that although the nomination of candidates is authorized from 31 August, it is already clear that the election campaign has begun. As V. Babakov stressed, the committee was set up on an absolutely voluntary basis, without the blessing of Vasiliy Lipitskiy, who has earned the "people's love and confidence" as a result of his vigorous activities as a deputy. Despite the committee's far-reaching plans, Vasiliy Lipitskiy himself, according to Babakov, has not yet decided to participate in the new elections.

According to experts at the MOLODOST SIBIRI politics department, the creation of the committee should be seen, first of all, as the oblast trade unions' participation in the upcoming election campaign. In 1993 FITUR refused to participate in the elections.

The fact that they have opted for Lipitskiy is indicative of the Novosibirsk trade union bosses' political predilections. The Social Democratic People's Party, which Lipitskiy heads, has a moderately liberal view of the government and the president. Second, Vasiliy Lipitskiy evidently decided not to tempt fate in the capital's electoral districts and has made another bid to become "our man in Moscow." Nearer the election we will no doubt see more of these committees than candidate deputies.

Newspaper Profiles Novosibirsk Oblast Demographics

954F3269A Novosibirsk SOVETSKAYA SIBIR in Russian 17 Aug 95 p 3

[Article by T. Senitsa, Novosibirsk Oblast statistics committee economist: "Population of the Oblast to the Year 2006"]

[FBIS Translated Text] The demographic state of the oblast is determined by the nature of the processes of development of the population in the past.

Until the middle of the 1960's the size of the population of the oblast increased at relatively high rates. Further, in the 1970's, growth was cut almost in half, but a sharp increase occurred in it again by the middle of the 1980's; moreover, the numbers remained comparatively stable until the end of the 1980's. In 1989, a sharp reduction

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occurred (on the average, by a factor of two) in growth, but in 1992 the population of the oblast decreased for the first time by 100 persons, and in the following year—by another 10,900 persons. In 1994 the number of residents increased by 1,000.

The slowdown in the growth of the population was caused mainly by a reduction in its natural growth (a reduction in the birth rate and an increase in the death rate). Thus, even a decrease in the population was observed since November of 1991 in the oblast as a result of its natural movement. In 1992-1993 the migratory increase was unable to cover the natural decrease, which then led to a reduction in the size of the population of the oblast for these two years by 11,000 persons. In 1994 the migratory increase covered the natural loss. An important factor in the slowdown in growth and reduction in the size of the population is the distortion of the age structure associated with the consequences of the losses of citizens in the Great Patriotic War.

The forecast of the assumed size of the population in the period up to the year 2006 was made by the Goskomstat [State Statistics Committee] of Russia and the Economic Conditions Center of the Government of the Russian Federation. The calculation was produced on the basis of data concerning the population structure by sex and age at the beginning of 1994, the birth and death rates in 1994, and their possible changes in the future. The migration forecast was accomplished on the basis of estimates of migration flows in the past year and an analysis of retrospective data.

It is assumed that by the year 2006 the population of the oblast will decrease by 111,000, including by 63,000 to the end of the century; that is, by more than 10,000 persons a year. The maximum decrease is expected this year (-13,000), and the minimum (-7,000)—in 1996. The decrease in the size of the population is conditioned by its natural decrease. It is assumed that in the years 1995-2005 the natural decrease will be 156,800 persons. The migratory increase in the amount of 45,500 does not compensate for the natural decrease.

On the basis of the forecast, one can assume a certain increase in the birth rate coefficient from 8.8 this year to 10.4 in 2006 (per 1,000 people), but this increase will be insufficient to ensure a natural positive increase, or at least zero natural growth.

The general mortality coefficient in 1994 increased in the oblast to 15.7 per 1,000 population (compared to 10.8 in 1990 and 14.3 in 1993). In the next six years a gradual decrease is expected in this indicator from 15.4 in 1995 to 14.2 in the year 2000, but starting in 2001, there is an increase again—to 14.6 in 2005.

FORECAST

Over the course of many decades, the increase in the population of the oblast was ensured only owing to city dwellers. In 1992 the number of city residents decreased for the first time by 14,500 persons. An increase in the number of rural residents in the oblast (by 6,300 persons) was noted since 1991, which was associated with the outflow of the population from municipal settlements to rural localities. Last year and this year inside the oblast, rural residents moved to cities. But the migratory increase of the rural population last year was assured only owing to those who arrived here from countries of the near abroad.

It is assumed that by the year 2006 the size of the city population will decrease by 101,000 persons, and the rural population—by 10,000. At the same time, the village is losing 1.4 percent of its residents, but the city—5 percent; that is, the size of the city population will decline.

As a result, 1.928 million persons (or 73.1 percent compared to 73.8 percent at the present time) will be living in city settlements, and in rural localities—710,000 persons (26.9 and 26.2 percent, respectively). The number of city residents will decrease annually approximately by 9,200 and rural residents—by 900.

According to the forecast, the decrease in the number of city residents will occur owing to a natural decrease, while the balance of the migratory exchange will remain positive for the entire period under examination.

In rural localities, the correlation of factors affecting the change in the numbers will be completely different. Thus, the natural decrease in the population will continue to the end of the millennium with a positive migration balance, but starting in the year 2000 the birth rate will exceed the death rate, which will ensure a positive natural growth. But at the same time, starting in 2001, the migratory exchange balance will become negative which, nonetheless, will lead to a reduction in the number of rural residents as a result. And only from 1997 to 2002 is an insignificant increase in the number of rural residents expected, approximately by 8,000 persons per year.

Because of the decrease in the birth rate, the number of children and teenagers in 1995-2005 will decrease by 212,000, or by 34 percent. Simultaneously, the group of persons of working age will increase by 117,000 persons (by 7.5 percent), owing to children growing up. The most insignificant changes will occur in the number of persons in the pension age. There will be fewer of them by 16,000 persons, or by 3 percent, while their share in the age structure will remain constant—20 percent.

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Thus, the age structure of the population by the year 2006 will get worse: There will be 112,000 fewer children (by 27 percent) than persons of an elderly age.

Inasmuch as the portion of people of working age is supposed to increase in the next decade, then during this period the demographic load (that is, the number of children and old people per 1,000 persons of working age) will decrease from 750 this year to 563 by the end of the forecast period. And while now the indicated load has the distribution of 402 children and 348 representatives of "old age," in the year 2006 it will be 248 and 315, respectively.

As can be seen, the forecast is not very pleasant. But like any other, it allows for corrections that life itself will make. It would be very nice if these corrections were favorable for both the population of the oblast and for Russia.

Kabardino-Balkar Reviews Six-Month Economic Figures

954F3231A Nalchik GAZETA YUGA in Russian 25 Aug 95 p 2

[Article by Aslanbek Midov, under the "Results" rubric: "Otherwise, Everything Is All Right...."]

[FBIS Translated Text] On 17 August, at a meeting of the Cabinet of Ministers of the Kabardino-Balkar Republic, a report was submitted from the Ministry of Economics—"On the Results of the Operation of the Economy of the Kabardino-Balkar Republic During the First Half of 1995 and the Prognosis for Its Development up Until the End of This Year."

Describing the state of affairs in general, the Ministry of Economics notes that the volume of industrial production in physical terms increased during the first half of this year by a factor of 1.5 as compared to the level of the corresponding period of last year. In terms of the rates of growth of industrial production, Kabardino-Balkaria is ahead not only of the regions of the Northern Caucasus, but also of the regions of the Russian Federation.

Agricultural workers worked successfully. They managed to complete the planting of spring crops on time and begin to harvest the crops. On average throughout the republic they harvested 32.5 quintals of grain per hectare, which is 11 percent more than last year's yield. Feed procurements are proceeding successfully on the farms of the republic. Translated into feed units of all types of feeds, 1.3 times more was procured than during the analogous period of last year.

As usual, private capital was concentrated in trade and in the financial sector, finding investments in production and the social sphere not to be advantageous enough. As a result, it was not possible to overcome the tendency toward investment decline. The volume of capital investments from all sources of financing decreased by 28.5 percent as compared to the corresponding period of last year.

The nominal monetary incomes of the population increased by a factor of 2.7. The real disposable monetary incomes (incomes minus mandatory payments adjusted by the consumer price index) decreased by 2.8 percent. The differentiation of incomes of various groups remained at a high level. The ratio between the levels of income of the most well-off and least well-off groups of the population was a factor of 11.7.

The amount of the average wage in the republic was 178,200 rubles [R], which is half as much as in the Russian Federation. The lowest wages in agriculture amounted to R97,000. The overall sum of delinquent indebtedness on the issuance of funds for wages at enterprises and organizations of the republic as of 1 July of this year was R22 billion.

The Social Sphere and Standard of Living of the Population

The negative migration balance affected mainly the Russian-speaking population. Among the indigenous peoples—the Kabardins and Balkars—the migration balance was positive. The population of the republic increased because of the continuing influx of refugees into the republic and individuals forced to resettle from the Chechen Republic, and as of 1 July there were 9,300 of them.

The Labor Market

The situation in the labor market remains difficult. In spite of the low level of registered unemployment, more than 45,000 individuals of working age do not have jobs. As of 1 July 1995 there were 8,500 unemployed citizens on the books of the employment services. More than 70 percent of the unemployed were women and 49 percent—youth from 16 to 29 years of age.

Monetary Incomes of the Population

The per capital monetary income as of the end of June amounted to R258,200 and had increased as compared to December of last year by a factor of 1.3, but prices doubled during this same period. The lowering of the standard of living of the population is confirmed also by the steadily high proportion of the population with incomes below the subsistence level. The proportion of the population with incomes below the subsistence minimum continued to be high.

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Moreover, the proportion of the population without enough money even for the variety of food used to calculate the subsistence minimum in June increased by 6 percent as compared to March, and amounted to 62.8 percent.

The differentiation of the incomes in various social groups of the population continues to grow. The 10 percent of the most well-off population in June of this year accounted for about 34 percent of the income, and the 10 percent of the worst-off population accounted for only 2.5 percent. The ratio between the income levels of these two extreme groups was a factor of 11.7 (in June 1994—10.7). Some 64.6 percent of the population had incomes below the average level (in March of this year—63.3 percent). These figures show that most of the increase in monetary incomes is concentrated among the rich segment, while there was an extremely significant increase in the proportion of the population living below the poverty level.

The Consumer Market

During the first half year, the nonstate sector provided for 84 percent of the retail commodity turnover as against 80 percent during the first half of 1994. The population acquired R288.3 billion (52.4 percent of the overall volume) worth of goods through the unorganized trade network.

In world practice the proportion of expenditures on food products in the family budget is used as one of the generalizing indicators of the standard of living: The lower this proportion, the higher the standard of living of the people. As a result of the fact that a considerable proportion of the republic's population has a low income level, a large part of which is used to buy food and other necessities, the effective demand for nonfoodstuffs was formed mainly by the high-income part of the population (particularly for investment goods, that is, complicated household appliances, furniture, clothing and footwear made of natural leather, etc.)

During the first half year, the foodstuffs accounted for 51.8 percent of the overall volume of retail commodity turnover and, correspondingly, 48.2 percent went for nonfoodstuffs. And among the population with the smallest monetary incomes, more than 60 percent of the consumer expenditures went for food products, while among the population with the greatest monetary incomes it was less than 40 percent. With respect to nonfoodstuffs, the picture was the opposite: For the population with the least and greatest monetary incomes, these figures were about 22 percent and 45 percent of the consumer expenditures, respectively.

The consumer market is saturated mainly with imported goods, while the production of consumer goods continues to decline.

The Crime Situation and Law and Order

During the six months of this year, 3,250 crimes were reported throughout the republic, which is 2.3 percent less than the analogous indicator for last year. There was a reduction of such serious types of crimes as murder—by 34.1 percent, theft—by 24.1 percent, and mugging—by 34.5 percent. The number of all these types of crimes that were solved increased significantly. At the same time, against a background of a reduction of crime of a general nature, there was a considerable increase in the number of economic crimes that were discovered. More than 30 crimes involving the improper use of credit to create jobs were discovered. Measures were taken to reveal and stop possible cases of violation of tax legislation and illegal shipment of large batches of foods and industrial goods outside the republic.

The republic's border location and its proximity to the "hot spots" requires the adoption of special measures to stop the shipment of arms and ammunition as well as narcotics into the republic. During the first half year, there were 28 muggings using firearms. We discovered 350 crimes related to illegal drug trafficking and 113 kg of narcotics were confiscated from the criminals, which is twice as much as during an analogous period of last year. But with the improvement in the numerical indicators of the fight against illegal drug trafficking, as of today we have not managed to close off the channels for their entry into the republic.

Prices and Rates

According to figures from the Ministry of Economics of the Russian Federation, in March of this year Kabardino-Balkaria occupied 72d place in the Russian Federation with respect to per capita income, 84th place with respect to average wages, and 67th place with respect to the number of sets of 19 products that could be bought for the average wage.

Material Production

The accelerated growth rates of the index of the physical volume observed since the beginning of the year in such branches as nonferrous metallurgy (575 percent), light industry (163.3 percent), and the wood processing industry (132.2 percent) continued until the end of the report period.

There continue to be production shutdowns. Thus, in June, 14 enterprises did not work at all, including enterprises of light industry and the food industry.

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Partial production shutdowns occurred at 40 enterprises, as a result of which they lost more than 40 percent of their scheduled work time.

On the whole, of the 45 main types of industrial products included in the regular statistical reporting, the volumes of production increased for only 14 items. They include wood processing machine tools (420 percent), armored cable (122 percent), artificial leathers (420 percent), fabrics (488 percent), vodka and liquor items (568 percent), and others. The greatest reduction was found in the production of diamond instruments, construction brick, knitted items, and leather footwear.

The distinguishing features of the development of the situation in industry during the first half year according to the Ministry of Economics are the following:

— the failure on the part of a number of enterprises to meet the approved prognosticatory indicators while achieving high rates of production;

— great difficulties in selling products—one-third of the products produced remained in the warehouses;

— further growth of all types of indebtedness—accounts payable and accounts receivable, to the budget, for municipal services, etc.;

— the consolidation of all existing deficits into a single one—a deficit of monetary resources;

— the shift of the majority of industrial enterprises of the republic to the output of products outside their profile (mainly consumer goods).

The Agro-Industrial Complex

As of 1 July 1995, in all rayons and in the city of Nalchik, the number of all types of cattle and poultry decreased.

Milk production during the first half of 1995 as compared to the first half of 1994 increased in Baksanskiy, Terskiy, Urvanskiy, Cherekskiy, and Elbrusskiy Rayons and the city of Nalchik, but they could not compensate for the arrears in Zolskiy, Mayskiy, Prokhladnenskiy, and Chegemskiy Rayons, as a result of which the underproduction of milk in the republic as a whole amounted to 2,758 tonnes.

The volume of procurements of cattle and poultry in live weight increased as a result of their increase in Baksanskiy, Terskiy, and Urvanskiy Rayons. The other rayons showed a decrease in meat procurements, especially Prokhladnenskiy, Cherekskiy, and Chegemskiy. In the overall volume of procurements of cattle and poultry, the proportions of mutton and pork were only 0.1 and 1 percent, respectively.

The branch's financial conditions is difficult. As of 1 July of this year, the indebtedness of agriculture on bank credit amounted to R105.9 billion, including delinquent indebtedness—R43.2 billion or 40.8 percent.

Capital Construction

The investment situation continued to get worse during January- June 1995—the volume of capital investments decreased by 30.5 percent as compared to the corresponding period of last year.

The system for the formation of joint-stock and private capital created in preceding years did not exert an influence on the investment situation in the republic. The assimilation of capital investments by organization with mixed and private forms of ownership amounted to R39.2 billion, and its proportion in the overall volume remained at last year's level.

Of the investments assimilated during January-June 1995 on the territory of the republic, 49 percent were financed from centralized sources (during the corresponding period of last year—60 percent), and of these 23.8 percent were from the federal budget, 14.7 percent from the local budget, and 7.9 percent from the budget fund for supporting priority branches.

Finances

During January-June of this year, enterprises and organizations of the republic, with the exception of agriculture, consumers' cooperation, banks, and small enterprises, received R100.5 billion in profit. Most of it was obtained from the activity of industrial enterprises and construction organizations. Losses amounted to R35.6 billion. The majority of transportation enterprises and housing and municipal services enterprises operated at a loss. Billions in losses were sustained by such enterprises and organizations as the AO [joint-stock company] Baksabpishcheprom (R4.6 billion), the Tyrnyauz MPO [expansion not indicated] for housing and municipal services (R4.2 billion) and ATP [automotive transportation enterprise](R1.3 billion), the Nalchik PATP [passenger automotive transportation enterprise]-1 (R2.0 billion), and the Nalchikskiy Mysokombinat public joint-stock company (R1.6 billion).

Banks and their branches failed to repay credit on time for a total of R46.2 billion, or 45.9 percent of all the credit granted to businesses. Additionally, the enterprises failed to deposit in banks and their branches payment for credit in an amount of R197.9 billion.

Four banks (Bum-Bank, Nalchik, Oshkhamakho, and Kabboneksim) showed a profit for an overall sum of R3.6 billion. Profitable banks created capital amounting to R4.6 billion, but even this is actually not enough even

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to cover the amounts due on deposits of the population. Residuals from deposits of the population exceed the capital of the banks by a factor of 2.1.

During the report period, only the participants in two banks were able to increase their authorized capital (Nalchik and Prokhladnyy). As of 1 July of this year, the authorized capital of all commercial banks amounted to R8.7 billion. Six banks (or 50 percent of the overall number of banks) have authorized capital of less than R0.5 billion, and only the Oshkhamakho commercial bank has R2.3 billion. Two banks (Kavkaz-Inkombank and Nart) because of their difficult financial position when transferring clients to other banks for service delayed the return of funds from settlement accounts amounting to R4.9 billion, thus putting the latter in a difficult position.

The projected indicators were overfulfilled for the majority of taxes. At the same time, the level of receipts of excise taxes into the budget was low (37.6 percent of the planned amount), as were fees from fixed surcharges on vodka (49.6 percent). From these taxes alone, R22.7 billion was not collected, and this would have been enough to reach the planned amount of revenues of the republic budget.

Prognosis of the Socioeconomic Development of the Kabardino-Balkar Republic During the Third Quarter and Up Until the End of 1995

Based on the economic situation developing during the first half year, which is characterized by a certain invigoration in production branches, it is not expected that there will be a sharp increase in unemployment during the third quarter. But before the end of the year it is possible that the number of the unemployed will increase because of the structural rearrangement, reorganization, and closing of a number of productions that are operating at a loss. Still, taking into account the measures that were taken to hold down mass discharges of workers, by the end of the year the number of the unemployed could be from 13,400 to 15,000, or from 3 to 3.5 percent of the able-bodied population.

The average wage is projected at 2.5 percent below the subsistence minimum.

No essential changes are expected in the structure of the utilization of the monetary incomes of the population either. The proportion of monetary incomes of the population used to purchase goods and services in the third quarter will remain at the level of the first half of this year and will be 62 percent for the year. It is predicted that during the second half of the year, the free monetary funds of the population will double, and during the year they will account for about 33 percent of all the monetary incomes of the population. In the near future it will be necessary to develop and implement measures for stimulating the involvement of these funds in the republic economy.

In industry, the main point of the prognosis for the third quarter and for 1995 as a whole is the need to maintain the achieved tendency toward economic activity of industry, so as to provide for overcoming last year's production decline (50 percent). Based on what has been noted, the growth index of the physical volume of industrial production during the third quarter should be 165-169 percent and for the year as a whole—158-160 percent of last year's level.

During the second half year, the republic's construction complex will function under conditions of limited financial resources. It is expected that investments from all sources of financing will decrease by 10-22 percent, including state funds—by 22-33 percent.

The overall sum of the republic's own budget revenues for the third quarter of 1995 is projected in the amount of R120-130 billion, which is 2.3 times more than during the corresponding period of 1994. About 28 percent of the total of its own revenues, which will be R33-36 billion, will be taken out for redistribution to the higher budget.

The growth of tax revenues will be provided from the following main sources:

1. An increase in profit obtained by enterprises of the republic and a reduction of the proportion of enterprises operating at a loss. Thus, the profit of enterprises of the republic during the third quarter is projected in an amount of R67-77 billion.

2. Increasing the volumes of production of liquor and vodka products by reducing the number of enterprises standing idle and producing items made from grapes, which is characterized by seasonality, will lead to increasing the sum of excise taxes collected.

3. Completion of the reassessment of the value of fixed capital as of 1 January 1995 will lead to increasing the sum of tax on property of the enterprises.

Economic Issues

Daily Provides Text of Yeltsin Speech to Bankers

MM3108160995 Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 pp 1, 2

[Unattributed report incorporating speech by President Yeltsin at 31 August meeting with bankers: "Strong Banks. The State Has an Interest in Them. B.N. Yeltsin

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Addressed Meeting With Leaders of Commercial Banks Yesterday"]

[FBIS Translated Text] Esteemed Russian Bankers!

I am happy to have this new meeting with you representatives of one of the key sectors of the Russian economy. The banking system permeates the entire national economy. Stability in its work is the basis for continuation of the stabilization process and the economy's reaching of the stage of growth.

This determines the importance of our meeting today.

I know Russian bankers and entrepreneurs are taking part in the country's political life. The campaign for the State Duma elections has now begun, and the presidential elections are in prospect.

Banks, like the whole of Russia, are now learning democracy. Not everything is working out, there are problems. But I hope that the experience we are all now acquiring will be of benefit to us.

Financial circles are developing cooperation with the mass news media. I value your support. But, to be honest, I would not like it to be used to pursue petty, immediate interests. I hope that this is another one of the growing pains and will pass in time.

There are several problems I would like to discuss. I will dwell on the main ones.

Financial stabilization. The government and the Central Bank intend firmly to implement the line of reducing inflation. Steps will be taken to avoid last year's mistakes. However, work in these conditions requires rather different skills.

I think that the complex situation in the banking sector in the last two weeks is a result of the fact that many bankers lack these skills. Of course, the Central Bank too has been rather slow off the mark here.

People sometimes tell me that high inflation is to the advantage of some banks. When inflation is high, they say, dubious debts rapidly depreciate and the situation does not get beyond the danger point. The leadership of such banks does not pay a high price for miscalculations, and there is no real competition.

So do you want financial stabilization or not? If you do, then support the state's efforts to solve the problem of financial stabilization. I hope that this will be the case.

Another point. The provision of credit to industry. As interest rates decline, more and more investment projects and existing production facilities in industry will find themselves within the zone of high commercial efficiency. And therefore they will become attractive so far as lending is concerned.

But, once again, by no means all banks have experience of providing credit to the production sector. Will this not be a brake on economic growth?

Russia will never agree to be a country that develops only the raw material sectors. We need to collaborate closely in supporting those sectors of the economy that have unique high technologies and potential advantages in competition on the world market.

The state will facilitate your activity to provide long-term investment credits.

The stability of the banking system. There are worrying signs here. According to last year's results, one bank in five was in a complex financial position.

This is clearly partly due to the fact that the extensive development of the banking system is gradually being completed. Although at present major banks are insufficiently active in taking over small banks that do not work stably. You will agree that, despite everything, there are too many of them for the economy.

I agree that the state bears a large share of the blame for the difficulties that some banks are experiencing. Many of them have issued loans against state order contracts. But the government has paid for the contracts extremely spasmodically and not in full.

Unfortunately, it has not been possible to create a large-scale insurance structure to ensure that clients can recover at least some of the money that was in the account of a bankrupt bank.

I am an advocate of reducing certain restrictions (for instance, reserve requirements) for major banks that undertake additional commitments. For instance, regarding the financial rescue [sanatsiya] under their own auspices of credit institutions that have gone bankrupt.

Or regarding the financing of investment programs for enterprises that are important to the country. If, for instance, a bank provides an investment credit for a period of over two years, the volume of resources on which payments are made into the Central Bank's mandatory reserve fund could be decreased. What do you think?

Banks' work with the population. The collapse of many risky financial companies has been a grave ordeal for citizens. Their interest in large, secure banks as somewhere to invest their savings will certainly increase.

Work with the population is socially responsible and not all banks are coping with it. This is giving rise to additional tension in individual regions and strata of society.

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What do the bankers intend to do? How do you intend to pursue an interest policy which covers citizens' losses from inflation?

Another important question is the placement of highly liquid and reliable bonds. We have already done something. Recently edicts were published on share investment funds and the state savings loan. I hope that the banks will take an active part in issuing this loan.

The population's savings are a powerful reserve for long-term credit. As you say, only citizens have long-term money. Unless that money is attracted we will never have a full investment flow.

Collaboration with the government. There are various forms here. One of the most important is the formation of a broad bloc of banks that are agents of the government and of individual departments and state organs.

The situation in this field is not regulated at present. So far the state does not have a unified approach toward the formation of agent relations. The individual steps taken by the Ministry of Finance and some other departments do not change the picture. I should like to hear proposals on the issue from you.

I have my own proposal. If a bank wants to become a government agent in financing some program then it must undertake to take part in this financing with its own resources.

Financial-industrial groups. I think that obsolete restrictions on the participation of banks in financial-industrial groups should be done away with.

We shall continue to support your initiatives to create financial-industrial groups and to introduce new methods of resolving the nonpayments crisis. Methods like, for instance, the creation under banks of clearing and other centers accelerating transactions.

Competition with foreigners. The state is interested in strong banks that can withstand competition from Western ones. Only by mastering Western markets and working methods is it possible to win the trust of foreign business circles. At the same time we cannot restrict forever the participation of foreign banking capital in Russia. Competition cannot be one-sided.

Privatization. I know the proposal of some big banks to give the government a long-term credit with federal blocks of shares in privatized enterprises as security.

Although, to be honest, we have some doubts regarding your financial potential. If you suddenly turn out to be insolvent with regard to each other, where is the guarantee that your commitments for credits to the state will be met?

If the proposal still remains in force and you are prepared to act with the president and government, then we will not remain in your debt. The relevant draft edict has been prepared.

S.Ye. Yegorov, president of the Association of Russian Banks; V.A. Gusinskiy, president of MOST-bank; Ya.N. Dubenetskiy, chairman of the board of the Promstroybank; Ye.V. Koluga, president of the Siberian trading bank; A.M. Kozyrev, president of the Tveruniversalbank; V.V. Popkov, chairman of the board of the Uralvneshtorgbank; N.A. Rayevskaya, president of the Avtobank; S.S. Rodionov, president of the "Imperial" bank; G.A. Tosunyan, president of the Tekhnobank; M.B. Khodorkovskiy, chairman of the board of the "Menatep" bank; and V.A. Kokhlov, president of the Tokobank, took part in the talk with the president.

Bank President Comments

LD3108190695 Moscow INTERFAX in English 1616 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (FIA-INTERFAX) — Russian President Boris Yeltsin is in full control of the situation in Russia's banking system, the president of one of Russia's major banks, Toko Bank, Vyacheslav Khokhlov, told INTERFAX's Financial Information Agency Thursday [31 August].

Khokhlov had taken part in Yeltsin's meeting with representatives of the Russian Banks' Association earlier Thursday afternoon.

According to Khokhlov, Yeltsin's words and assessments were evidence that his information on the last week's crisis on the Moscow interbank credit market was "absolutely complete and adequate." "We had virtually nothing to add to the information already possessed by the president," he underlined.

Khokhlov said "concrete decisions capable of qualitatively improving the situation in banking" will follow the meeting.

According to Khokhlov, Yeltsin took with understanding the proposals put forward by the Russian Banks' Association. "It seems to me that the president is fully aware that the state will not be able to solve a single global economic problem without a developed and stable banking system. This is why between the state and banks there cannot be other relations than those of partnership and mutual assistance," he added.

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Crisis Spurring Banks To Improve Operations

MM3108112095 Moscow IZVESTIYA (Financial Section) in Russian 31 Aug 95 p 1

[Article by Ivan Zhagel: "'Bankers, Unite!' This Is Currently the Most Popular Economic Slogan in Russia"]

[FBIS Translated Text] The agreement signed between the five biggest banks Monday on jointly overcoming the interbank settlements crisis and creating a unique kind of pool within whose framework settlements would be effected without impediment looked attractive to many Russian credit institutions. Tuesday and Wednesday other banks also began conducting similar talks. The slogan "Bankers, unite!" has thus become the most popular slogan of the crisis period.

An indicative event in this respect was a meeting held at "Gloriya-bank" Tuesday evening. It was attended by the leaders of 16 credit institutions, from big ones like "Menatep" to regional ones like "Tyumenskiy Kredit" [Tyumen Credit], which used to have active dealings with each other on the interbank market. Of course, the joint statement resulting from the meeting leveled complaints at the government and the Central Bank, which caused this crisis, but attention is mainly focused nevertheless on the problem of restoring trust in each other.

The bankers advocated that the current "black lists" of banks unable to meet their commitments to their partners should be replaced by "white lists." And although this idea seems difficult to implement, the shared aspiration is, generally speaking, understandable: The banks must become more "transparent" to clients and have a duty to put their economic numbers in order so as to eliminate the slightest trace of mistrust and thus restore operations between them. Progress here must be phased, with dealings among a few banks being normalized first and the circle being widened thereafter.

The idea of "white lists" is a de facto recognition of the fact that the crisis was caused not so much by errors in macroeconomic regulation as by the growth problems of the banking system itself, when many credit institutions have been organized by some Tom, Dick, or Harry who out of unprofessionalism or greed would plunge into any risky operation. This was stated outright by many of the participants in the "Gloriya-bank" meeting.

Thus, in the view of Grigoriy Pelman, deputy chairman of the "Tyumenskiy Kredit" bank, after the banks were deprived of the chance of making big money on the foreign exchange market, they plunged into the "short money" market, and the proportion of short-term credit in many banks' credit portfolios exceeded all sensible limits. In this situation any holdup in payments threatened to develop into a general crisis — it was only a matter of time. The correctness of this explanation is confirmed by the fact that the problems mainly arose in the capital, where the short money market is most developed, and the crisis had virtually no impact on regional banks.

The fact that the banks bear a considerable share of the blame in the current crisis is also indirectly confirmed by the extremely restrained position taken by the Association of Russian Banks, which has not yet made any official statement. And although, according to information at our disposal, its leadership is currently engaged in numerous different consultations, including at the highest level, their content is not being disclosed.

It is obvious that if the crisis was not deliberately provoked from on high — as the government and the Central Bank are currently being accused by opposition parties although there is no adequate confirmation — nevertheless this situation will be used to some extent to bring about the recovery of the banking system. Indeed, one of the participants in the "Gloriya-bank" meeting, "Uniinvestbank" Chairman Igor Kruzhalov, said: "The present crisis is like the state of purgatory. Apart from the negative results, it will also have positive significance."

The most interesting thing here is that the "purge" will be effected by the banks themselves. The organization and subsequent expansion of self-contained systems of banks within which settlements will be effected without impediment is a death warrant from many unprofessionally run credit institutions. They will not make it into the ranks of the chosen.

Government Policy Seen Shifting Toward 'Our Home'

MK0109084695 Moscow KOMMERSANT-DAILY in Russian 30 Aug 95 p 1

[Report by Vladislav Borodulin: "Viktor Chernomyrdin Is Fighting a Split Consciousness"]

[FBIS Translated Text] Information arriving for the past two weeks that the government is ready to change its economic policy and is already drawing up a new deal has appeared to be skimpy. Now one minister, now another made statements, but the head of government either kept mum or got off with general phrases. Yesterday it became clear that the government's efforts to adjust the economic program have been subordinated to a single design.

The design is set forth in a decree with a typically bureaucratic name, "On the Socioeconomic Development of the Russian Federation in the First Six Months of

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1995 and Measures To Carry Out Economic Reform in 1995." Yesterday it was released for official distribution after more than a ten-day delay.

Does this document correspond to Viktor Chernomyrdin's promise to bring government policy in line with the economic chapter of "[Russia Is] Our Home's" program? The answer is more likely yes than no. First of all, the decree clearly places the emphasis on tightening control over natural monopolies as a means to combat inflation. Proposals aimed at "improving tax policy regarding enterprises of the gas sector" are due to be submitted to the government in early September. KOMMERSANT-DAILY described certain details of the struggle over these proposals in yesterday's issue. The document devotes more than one paragraph to natural monopolies, though. In particular, for the first time an official document sets forth the requirement that "a new procedure for regulating prices for the production of natural monopolies be established starting 1 September, providing for the limitation of their growth within 70 percent of the inflation rate."

Another provision of the document looks unusual. It proposes discussing the question of investment volumes due to be channeled to the development of natural monopolies in 1996-1997. It is unlikely that budget money is at issue. Most likely, this is a follow-up to the discussion of the so-called stabilization funds (for instance, those of the Gazprom Joint-Stock Company). The government has not ventured an overt struggle to abolish the funds, which stagger the imagination by their size, but has decided to place the monopolies' investment programs under control.

Still, a considerable space is devoted to the government's "traditional" problems. First, the execution of the budget. Quite symbolically, it does not mention proceeds from privatization at all — the emphasis is placed on "improving the procedure for collecting customs and excise duties." The document also promises to reduce enterprises' financial burdens. It tasks the government with softening (and fully abandoning in 1996) the current procedure under which enterprises with tax arrears may not spend more than a certain percentage of their incomes on their own needs. In addition, it follows from the text that as early as 1 October experimental competitions may be held for the right of access to pipelines.

The last provision, which is somewhat out of tune with the government decree's electoral logic, is that by 1 October the government plans to tighten control over the incomes of both individuals and businesses — the requirement that "proposals regarding the mechanism for checking declared incomes against consumption, first of all, on real estate purchases, be submitted" simply cannot be interpreted otherwise.

30 Percent Export Duty Cut Effective Immediately

LD0109100295 Moscow ITAR-TASS World Service in Russian 0910 GMT 1 Sep 95

[FBIS Translated Text] Moscow, 1 Sep (ITAR-TASS) — Export duties on most Russian goods for export will be reduced from 1 September. This is provided for in a presidential edict which, according to the head of state's press service, has already been signed by Boris Yeltsin.

A BIZNES-TASS correspondent has been told by sources in the Ministry of Foreign Economic Relations that the duties are to be lowered by an average of 30 percent.

Ruble Band 'Has Not Affected' Foreign Trade

LD3108121895 Moscow ITAR-TASS in English 1155 GMT 31 Aug 95

[By Irina Bolshova]

[FBIS Transcribed Text] MOSCOW, August 31 (ITAR-TASS) — The imposition of the fixed rouble exchange rate band has not affected Russia's foreign trade volume. The country's foreign trade turnover over the seven months of 1995 totalled 73.7 billion US dollars, 20 per cent up against the same period of 1994, sources in the Russian State Statistics Committee told TASS on Thursday.

Over the past period, the volume of goods exported by Russia totalled 42 billion US dollars. Its import volume was 31.7 billion US dollars, the sources said.

The overall trade balance was favourable and reached 10.3 billion US dollars, including 9.8 billion US dollars with countries other than the former Soviet republics, according to the sources.

Over the first seven months of 1995, the share of fuel and energy resources in Russia's exports was 45 per cent. Russia exported 69.6 million tons of crude and 111.7 billion cubic metres of natural gas.

In addition, it increased export deliveries of iron-ore, oil products, mineral fertilizers, cellulose, ferrous metals, copper, nickel etc.

As before, machinery, equipment and food stuffs account for the biggest share of Russia's imports.

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Daily Discusses Crime in Banking World

954F3195A Moscow LESNAYA GAZETA in Russian 8 Aug 95 p 1

[Article by Valeriy Begishev: "Banker Hunting"]

[FBIS Translated Text] Oleg Kantor, president of the well-known Yugorskiy Bank, was killed on 20 July. Two weeks later Ivan Kivelidi, chairman of the board of the Rosbiznesbank and president of the Biznes Rossii Roundtable, died at the Central Clinical Hospital, his secretary having died the day before. The cause in both cases was, it is believed, poisoning. So the knife and the bullet and now poison have become the inalienable trappings of business life in Russia. According to information from the Association of Russian Banks, 83 armed attempts on the lives of employees and leaders of these institutions have been perpetrated, 45 persons have been killed, and 23 have sustained serious injuries in the past three years and six months. If we are speaking of the sphere of business as a whole, the figures have to be increased considerably. The rate of detection of such crimes is negligibly low.

At the same time they are in the majority of cases accompanied by shady circumstances allowing us to think that in the life of the victims there were murky aspects for which they ultimately came to grief. Thus suspicions have been voiced in respect to Yugorskiy concerning the bank's involvement in illegal payments for supplies of oil to Chechnya in 1991-1993. There are hints at the not entirely impeccable behavior from the viewpoint of business ethics of a group of financiers—in which Kivelidi performed a prominent role—in connection with the well-known offer of several large banks to grant the government a $9 billion loan against the security of state assets.

All this causes us to wonder about the prospects of Russian business under conditions where the law is frequently flouted and the law enforcement authorities are weak and heavily susceptible to corruption.

The origin of very many sums of capital (either appropriated public monies or monies obtained in the sphere of the underground economy under "socialism" even, or money obtained by way of dubious speculation and, sometimes, simply part of the criminal "pot") and the source of their replenishment (the sale of the country's resources, which is highly dubious from the viewpoint of its future prospects) also impart a criminal taint to Russian business life. It could not, in fact, be otherwise: Where could the fortunes necessary for substantial entrepreneurial initiatives have come from in a country in which private property was prohibited? And what, other than natural resources or the products of its primary processing, could in the majority of cases be offered on the world market by the Russian businessman under conditions where a more intricate domestic product was more often than not uncompetitive? But it is all the more necessary to bring the activity of such businessmen within the strict framework of the law, a law that is not only stringent but also protective, what is more. But the situation here is bad.

First, there is a stanch tradition of the preference to the law of considerations of expediency and, simply, advantage. It may be traced distinctly even at the very "top". It was deemed expedient to have done with Dudayev with the help of the army—and the now-infamous November secret edict (simply skirted by the Constitutional Court) appeared. It is advantageous to those in power, and so movements that they have formed have joined directly in the election struggle, which by law they are not entitled to do (no one, it seems, except our newspaper and, subsequently, Sergey Baburin in PRAVDA, noticed the requirement for registration six months prior to the **announcement** of the date of the elections). It is convenient for the government, and so it delays presentation of the draft budget to parliament past the deadline established by law....

Second, our justice is so badly organized that it is an extraordinarily difficult and lengthy business to attempt to defend one's rights in court or at arbitration. It is simpler to have recourse to the assistance of the "tough guys".

Third, the professional qualities of those who are to defend the citizens against the encroachments of criminals are frequently in doubt.

So bankers are walking on the edge.

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International Affairs

Reaction to NATO Air Raids Against Bosnian Serbs

Kuchma Condemns Raids

LD3108225895 Moscow INTERFAX in English 2043 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Feodosiya (Crimea), Aug 31 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma condemned the NATO air bombardment of the Bosnian Serb positions.

Kuchma said while visiting the Zavod More industrial enterprise in Feodosiya today that he did not support such "educational methods." "I don't think that such a display of force will receive a positive reaction from the warring sides," he said.

Kuchma stressed that "all problems must be resolved only by peaceful methods," an INTERFAX-UKRAINE correspondent reports.

Proposes Meeting

LD3108145695 Moscow ITAR-TASS in English 1421 GMT 31 Aug 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, August 31 (ITAR-TASS) — Ukrainian President Leonid Kuchma proposed a meeting in Kiev of all parties engulfed in the Yugoslav conflict in an attempt to restore peace in the region, Ukrainian Vice-Foreign Minister Volodymyr Khandogy told a news conference here today.

In addition, Kuchma proposed that the number of negotiators be increased by attracting the countries whose servicemen are performing their peacekeeping duty in Yugoslavia, Khandogy said.

Launching the new peace initiative, Kuchma was guided by his desire to restore peace in the Balkans and fully develop mutually beneficial economic relations with all former Yugoslav republics, Khandogy said.

He added that by Kuchma's order, he had headed a delegation which had had several meetings with leaders of the former Yugoslavia and handed over Kuchma's personal messages explaining the initiative to Serbian President Slobodan Milosevic, Croatian President Franjo Tudjman and Bosnian leader Alija Izetbegovic.

Tudjman confirmed his readiness to arrive in Kiev for talks. The reaction of the Serbs was positive as well. Ukraine is waiting for a response from Izetbegovic, Khandogy said.

Ukraine will urge the international community to lift sanctions from the former Yugoslavia as the measure is devoid of any sense and has failed to produce the desired effect, he said.

Tudjman, Milosevic Support Proposal

LD3108152195 Moscow INTERFAX in English 1159 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 31 (INTERFAX-Ukraine) — President Franjo Tudjman of Croatia has expressed consent to Ukrainian President Leonid Kuchma's initiative to come to Kiev for negotiations on conflict settlement in former Yugoslavia.

This was disclosed to INTERFAX-Ukraine on Thursday by Chief of the Ukrainian Presidential Administration Dmytro Tabachnyk.

President Slobodan Milosevic has also "positively" reacted to this proposal, Tabachnyk said. An answer from President Alija Izetbegovic of Bosnia-Herzegovina is expected to come soon.

Earlier, Ukraine proposed her assistance in the search for a peaceful settlement formula for the Balkans and resumption of the peaceful negotiation process. The Ukrainian President has addressed personal messages to S. Milosevic, F. Tudjman and A. Izetbegovic proposing that all the parties concerned meet in Kiev.

In addition, Tabachnyk said, the Ukrainian President has put forward several proposals, whose objective is to find nonstandard ways for a political settlement in former Yugoslavia. Specifically, according to the Chief of the Ukrainian Presidential Administration, L. Kuchma suggested that the negotiations also involve representatives of the states with peacekeepers in former Yugoslavia.

Foreign Ministry Defends Strikes

LD3108141395 Kiev UNIAN in Ukrainian 1215 GMT 31 Aug 95

[FBIS Translated Text] Kiev — Ukraine calls on all sides in the Bosnian conflict, first and foremost the Bosnian Serbs, to accept UN demands, to cease all forms of hostile actions, particularly the shelling of areas under UN protection, and to withdraw heavy weapons from Sarajevo and other cities, says a statement from the Ukrainian Foreign Ministry.

The massive bombardment of Bosnian Serb positions by NATO's aviation and by the artillery of the UN Rapid Reaction Force were a logical reaction to the continuing criminal actions against the civilian population of

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Sarajevo. The statement says that NATO's actions, carried out under a relevant Security Council resolution and supported by the UN general secretary, were carried out after a careful examination concluded that the fatal shelling of downtown Sarajevo was carried out by the Bosnian Serbs.

The statement from the Ukrainian Foreign Ministry also stressed that Ukraine is still prepared to promote the quest for a peace formula and confirmed its desire to act as mediator.

Foreign Ministry Calls For Peace

LD3108123795 Moscow ITAR-TASS in English 1230 GMT 31 Aug 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, August 31 (ITAR-TASS) — Ukraine is ready to further promote the quest for the reconciliation formula, acceptable for all the parties involved in the Bosnian conflict, says today's statement, circulated by the Ukrainian Foreign Ministry. Kiev reaffirmed its intention to offer its help as a mediator and is ready to organise a meeting of all the parties concerned in the Ukrainian capital.

The tragedy in Sarajevo as a result of the unprovoked shelling of the central part of the city by the artillery of Bosnian Serbs came as a shock to the world, the statement said. Ukraine, Russia, the United States and a number of other countries came up recently with additional proposals, whose implementation might make it possible to resume the peaceful process of the settlement of the crisis in former Yugoslavia. Unfortunately, we often witness the escalation of tension exactly at the moment when the conflicting parties were offered a concrete plan of the resumption of the peace process.

The Ukrainian Foreign Ministry believes that "NATO massive air attacks and the shelling of positions of Bosnian Serbs by the artillery of the U.N. rapid reaction force were a natural response to the continuation of criminal actions against the civilian population of Sarajevo."

The Ukrainian Foreign Ministry urged all the parties involved in the conflict, primarily Bosnian Serbs, to meet the demands of the U.N., to stop all hostile actions, primarily the shelling of the areas which are under U.N. protection, and to withdraw their heavy weapons from Sarajevo and other cities. This is the only way to stop this crazy bloodshed.

Khandogy Comments on Balkan Crisis

LD3108171695 Moscow INTERFAX in English 1535 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 31 (INTERFAX-UKRAINE) — "A unique chance" appeared now to proceed with the talks on the settlement of the Balkan crisis. The agreement signed between the authorities of the Federal Republic of Yugoslavia and the leaders of Bosnian Serbs needs "an adequate response" on the part of the international community, Ukraine's Deputy Foreign Minister Vladimir Khandogy stated at a meeting with newsmen in Kiev.

Khandogy headed the Ukrainian delegation at the Ukrainian-Yugoslavian consultations which were held in Belgrade August 23 through 25.

According to him, Ukraine "strongly advocates" the lifting of sanctions against the Federal Republic of Yugoslavia which "have become outdated and are no longer effective". At the same time, the Deputy Minister stated, Ukraine considers the issue of lifting the sanctions "in the context of progress at the talks on the peaceful settlement of the crisis". "These are two elements of one process", he said.

According to the Deputy Minister, the Serbian authorities "supported in principle" Ukraine's initiative to look for ways of the conflict's peaceful settlement and promised to give a reply to the letter by President Kuchma.

In his address, Kuchma proposed, among other things, to hold a meeting of the Balkan states' leaders in Kiev. Presidents Franjo Tudjman of Croatia and Slobodan Milosevic of Serbia have already welcomed this initiative. Head of the Presidium of Bosnia-Herzegovina Alija Izetbegovic is expected to give his answer in the near future.

Black Sea Fleet Issue Delays Treaty With Russia

LD3108192495 Kiev UNIAN in Ukrainian 1845 GMT 31 Aug 95

[FBIS Translated Text] Feodosiya [no date as received] — President Leonid Kuchma, while on a visit to Feodosiya today [as received], answered journalists' question on prospects for signing the friendship and cooperation treaty with Russia. He pointed out: "In general, I am satisfied with the state of Russian-Ukrainian relations. Ukraine is now 99.9 percent ready to sign the treaty. The issue of dividing the Black Sea Fleet remains the main problem." Kuchma said Ukraine drafted two documents on dividing the shore

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infrastructure, which were sent to Viktor Chernomyrdin, together with a proposal to discuss these issues in Crimea.

The Ukrainian president believes it would be expedient to supplement relations between Ukraine and Russia with a treaty on free trade.

Kiev Pays for Current Supplies of Russian Gas

LD3108201195 Kiev UNIAN in Ukrainian 1400 GMT 31 Aug 95

[FBIS Translated Text] Kiev — Ukraine is paying in full for the current supplies of gas from Russia. However, it failed to pay for the 11 billion cubic meters of gas that was pumped into underground gas holders, Yevhen Dovzhok, chairman of the State Committee for Oil, Gas, and the Oil-Refining Industry, told UNIAN.

About 80 percent of the value of gas currently supplied from Turkmenistan has been paid.

The indebtedness for the imported gas is due to Ukrainian consumers' failure to pay for the gas consumed.

Dovzhok said the gas supply to over 8,000 indebted enterprises will be cut off. Gas supply to the population has not been cut off because this move, according to Dovzhok, would not result in big savings.

The daily gas consumption in Ukraine, which exceeded 200 million cubic meters in May, currently amounts to 110 million cubic meters. In 1995, gas consumption will account for approximately 90 percent of last year's total.

Russian Public Television Programs To Be Restored

LD3108181795 Moscow INTERFAX in English 1502 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Sevastopol, August 31 (INTERFAX-Ukraine) — Transmission of the Public Russian Television (PRT, former — Ostankino) programmes is to be restored in full in Sevastopol.

First deputy chairman of the Sevastopol administration Boris Kucher signed an order "On funds to be allocated for the broadcasting of PRT and RTR programmes", instructing that 1.2 thousand million karbovanets ($7,500) should be allocated in payment for the leasing of the broadcasting equipment, an INTERFAX — Ukraine correspondent was told at the information and media department of the municipal administration.

Starting from August 1 this year, transmission of PRT and the Russian Television programmes were switched over from the first Ukrainian Channel to other ones. Local TV companies have been given the right to replace PRT programmes with their own. For example, the Kievskaya panorama programme is transmitted in Kiev instead of the popular programme "Guess the tune".

The Dnipropetrovsk administration has recently made a similar decision on the restoration of PRT programmes transmission.

National Affairs

Union Leaders Warn of Tension in Nuclear Industry

LD0109103895 Kiev Radio Ukraine World Service in Ukrainian 1000 GMT 1 Sep 95

[FBIS Translated Text] Trade union leaders of the enterprises of the nuclear power engineering complex have sent an appeal to the Ukrainian President Leonid Kuchma, in which they express their concern at the difficult financial situation in the industry and the growth of social tensions within the workforce, and point to the need to ensure accident-free operation of the enterprises. The authors of the appeal refer to the payments crisis as the main reason for the complicated economic situation the enterprises of the nuclear power engineering industry found themselves in.

Streaming of Military-Industrial Complex Urged

WS0109085295 Kiev INTELNEWS in English 0949 GMT 1 Sep 95

["Special to INTELNEWS" by Lillia Budzhurova]

[FBIS Transcribed Text] Simferopol, Aug 31 — President Leonid Kuchma called for a streamlining of Ukraine's military-industrial complex Thursday [31 August] while reassuring members of one of its key components that they were still needed.

The president suspended his vacation Thursday to visit the Feodesia-based More (Sea) dry-dock facility, telling workers there that while Ukraine's military complex is too heavy a burden for the country to bear, enterprises like theirs are "working for strategic interests of Ukraine."

"The situation in the military-industrial complex is extremely complicated," he said. "First of all, we should proceed from the needs of Ukraine."

Kuchma, touring the facility, viewed ships under construction, including the small Sokol-type anti-submarine hydroplane, and the Zubr, a small air-cushioned landing craft capable of accommodating not only servicemen but also three tanks on board.

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According to More General Director Leonid Ostakhov, finishing construction of these ships will require KBV [karbovantsi] 2.5 trillion.

Kuchma also used the occasion to push for settlement with Russia of the outstanding issues concerning the division of the Crimea-based Black Sea Fleet, saying that he favored an unofficial meeting of the two countries' prime ministers to settle the problems, adding that the Ukrainian side has drafted several agreements ready for signing by sides.

Kuchma, however, refused to forecast the course of Ukrainian-Russian relations, saying "You'd better put this question to either Yeltsin or Chernomyrdin."

Kuchma: Situation 'Very Complicated'

LD3108225195 Moscow INTERFAX in English 2217 GMT 31 Aug 95

[FBIS Transcribed Text] FEODOSIA (CRIMEA), Aug 31 (INTERFAX-UKRAINE) — Ukraine does not need so powerful a defense complex as it has now, Ukrainian President Leonid Kuchma said in Feodosia Thursday [31 August] during his visit to the Zavod More production association.

Kuchma described the situation in Ukraine's defense complex as "very complicated." Deciding on the future of defense enterprises, "we will proceed from the needs of Ukraine, its Defense Ministry and competitiveness of each enterprise," he added.

Kuchma said Ukraine's defense enterprises should look for new markets to sell their products, "because the capacity of the market of the former Soviet Union is insufficient."

Kuchma, staying in Crimea on vacations, was shown around the shops and the docks where three warships, including two Sokol class vessels to be named Lugansk and Ternopol and a small landing hovercraft Zubr, are built for the Ukrainian navy.

Power Minister on Fuel Shortage Emergency

LD3108211095 Kiev UNIAN in Ukrainian 1845 GMT 31 Aug 95

[FBIS Translated Text] Kiev [no date as received] — With the winter drawing near, Ukraine's power engineering industry has found itself in an emergency, mainly because of the acute shortage of fuel reserves at electric power stations, Ukrainian Power Engineering Minister Oleksiy Sheberstov has told UNIAN.

There are only 5 million tonnes of coal at the electric power stations, instead of the 9 million tonnes required for the beginning of October. Because of the lack of funds to buy coal, fuel oil and gas, electric power stations began to consume coal from their reserves back in July, when the reserves amounted to approximately 6 million tonnes.

Failure to pay for the electricity consumed led to the ministry's bankruptcy, Sheberstov said.

At the beginning of 1995, consumers were paying for less than 50 percent of the electric power consumed; in July this figure was 80 percent; and today, almost 100 percent. This does not solve the problem because no fuel reserve was created.

Sheberstov said that at present, power supply has to be cut off even to those who pay for the electricity, while power consumption has to be restricted to 19 percent of the demand.

The situation in the power engineering industry, according to the minister, is much worse than it was on the eve of last year's winter. The way out of the situation lies through the thrifty use of energy and financial support to the industry, Sheberstov believes.

Economic Issues

Kuchma Supports Correcting Economic Reform Policy

LD3108205295 Moscow INTERFAX in English 2004 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] President Leonid Kuchma of Ukraine said he supports the idea of correcting the economic reforms policy. Speaking in Kiev Thursday he said that since the idea was announced he has become confident that Ukraine needs to correct the policy and that he will demand that the new government take appropriate steps.

According to Kuchma, the economic policy should be more socially orientated and the changes should be implemented through economic levers of an active economic policy.

The points at issue, according to the president, include searching for the most effective ways to a market economy and democratization of the whole system of economic relations, rather than giving up the idea of pro-market transformations. With this aim in view, a meeting of economists is planned for September in Kiev for a comprehensive discussion of all the issues involved in stabilization and for determining the models for post-crisis development of the national economy.

Kuchma has named three strategic objectives to be achieved in the economic policy: setting up all economic

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institutions deemed necessary to make up an integral national economy; accelerating a fundamental renewal of the national economy and developing a market and socially oriented model; and, finally, overcoming processes that endanger Ukraine's security.

Among problems still to be settled in the economy, Kuchma called insufficient maturity of economic institutions a structural imbalance of the financial system. Up to 50% of taxable profit does not come to the treasury and shadowing of the money circulation has reached 20 trillion karbovanets.

He said Ukraine has failed to make notable progress in forming and strengthening positions of the middle class, which is the foundation of socio-political stability in the state. At the same time, according to Kuchma, a trend is becoming visible toward "a breaking point in the decline of living standards." Real wage increased over the first half of the year by 15% since last December. Around $500 million of national capital has been returned to the country.

Meanwhile the president fears that the situation in the field of economic restructuring is not good. He pointed out the fall in production, which has reached 70%-80% in some machine-building industries. Production patterns are becoming more and more like those of a colonial-style economy, incapable of expanding by itself, the president said.

He said the main objectives are preventing a breakdown in the autumn-winter period and ensuring all necessary fuel resources for the economy.

Kuchma said that having built the fundamentals of the national economy, over the course of four years and at a cost of tremendous effort, Ukraine should show even greater perseverance for its further perfection and rationalization. "What we have today cannot satisfy anybody," he said.

Government Plans Measures To Cut Budget Deficit

LD3108203595 Moscow INTERFAX in English 1758 GMT 31 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The Ukrainian government discussed draft 1996 budget at its meeting Wednesday.

According to the draft, the budget deficit is expected to reach 15% of gross domestic product. INTERFAX has learned that the government plans to charge the ministries and local administration bodies with working out measures to cut the budget deficit to not more than 6% of GDP.

The draft budget provides for the total revenues of 3,342 trillion karbovantsi (44.5% of GDP) and puts total expenditure at 4,471 trillion karbovantsi (59.5% of GDP).

According to the latest information, the 1995 budget deficit reaches 7.2% of GDP. A total of 2.3% will be compensated with foreign loans, while the remaining 4.9% will be covered by internal borrowing.

Wholesale prices are expected to grow 56%, while retail prices are expected to increase by 46% in 1996.

The value-added, profit and income taxes as well as the land rent and excise duties will remain the main sources of revenues for the budget.

Social and cultural sphere, Pensions Fund spending and social security will account for 20%, 16% and 14% of expenditure respectively.

The government is expected to urge the ministries in charge of regulating export to speed up drafting legislation abolishing all customs preferences and to work out a draft law on the use of the barter operations duty. These measures are aimed at bringing additional revenues to the state budget.

The government also plans to activate the secondary market of state securities and provide trading space at Ukrainian exchanges for the purpose.

Economic Official on Stabilizing Currency

LD3108205895 Moscow INTERFAX in English 2004 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] The stability of the Ukrainian currency will depend in the future on tough budget policies, as well as on economic policy in general, Roman Shpek, Ukraine's vice-premier on economic issues, said.

"The so-called grey and shadow economies should become an integral part of state taxes," he said Monday in an interview with INTERFAX-UKRAINE.

Shpek said that steps undertaken by the National Bank of Ukraine and government to stabilize the karbovanets were efficient enough.

A rush in connection with the coming currency reform, a significant amount of money in circulation outside of the banking system, as well as importing money from neighboring countries, Shpek said, were some of the reasons that have provoked the recent karbovanets fall against hard currencies. One such reason, the vice-premier said, was the ban on using foreign cash as means of payment starting August 1.

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All of this has begun to pressure the cash karbovanets exchange rate, Shpek said, and then "the rush reached the non-cash market."

The vice-premier said the Verkhovna Rada has not fully taken into account presidential proposals to introduce new import duties on petroleum products.

Behind the karbovanets fall, he said, were also expectations "of some subsidies to the fuel, energy and agricultural sectors."

Government Prepares for New Currency

WS0109091195 Kiev INTELNEWS in English 0949 GMT 1 Sep 95

["Special to INTELNEWS" by Oleksandr Shtolko]

[FBIS Transcribed Text] Kiev, Aug 31 — September is starting with Ukrainians bracing themselves for the introduction of a new currency — the hryvnia.

President Leonid Kuchma has vowed to make the long-delayed changeover no later than Oct. 1. Other officials have publicly said that August will be the last month for the karbovanets.

"We now have the right moment to introduce the hryvnia. The National Bank has about US$ 2 billion" — money that will be necessary to stabilize the new currency on money markets, according to Deputy Prime Minister Viktor Pynzenyk.

In addition, according to the deputy prime minister, the country is ready for the currency changeover because "the state has almost paid for the natural gas deliveries."

Ready or not, nobody is exactly certain about the timing or the terms of the new currency's introduction. Although President Leonid Kuchma and other officials have promised that the exchange rates and timing of the conversion will be "non-confiscatory" in nature and publicised well in advance, there has as yet been no official government announcement of any kind other than a July presidential statement that the new currency would make its appearance by October and subsequent Cabinet-level utterances vowing to stick to the president's vague timetable.

Vadym Hetman, the former chairman of the National Bank of Ukraine and current chairman of the Ukrainian Interbank Currency Exchange committee, believes that "August will be the last month for karbovanets."

He says the main evidence that the government really means business about the hryvnia introduction is the creation of a state committee on monetary reform, a body which has already met a dozen times. The committee is chaired by Prime Minister Yevhen Marchuk and his deputy is NBU Governor Viktor Yushchenko.

In addition, the government has also created oblast-level committees on monetary reform.

Kuchma and Yushchenko say Ukraine had US$ 1.5 billion to stabilize the hryvnia as of July. According to confidential information, during President Kuchma' recent visit to Germany, the Ukrainian delegation had talks with German government on allocation of US$ 1 billion for a hryvnia stabilization fund.

As of mid-July the NBU could not say definitely what currency the hryvnia would be pegged to, with Yushchenko even saying then it was possible to back the new currency with Ukraine's gold reserve, the value of which he did not specify.

Other experts say that when it became known in the beginning of August that the hryvnia could not be bound to the gold reserve, the situation on the country's currency markets became desparate, culminating during Aug. 11 to 14, when the cash karbovanets lost 15 percent of its value within three days.

This frantic rush to dump Ukraine's present currency, during which cash exchange rates reached as high as KBV [karbovantsi] 250,000/USD, is considered by some experts to have been a dress rehearsal of the hryvnia introduction, during which the state made a windfall by taking karbovantsi from circulation, allowing it to later set an exchange rate of, say, one dollar per 1.5 hryvnia and exchange hryvnias for dollars instead of karbovantsi.

Anatoliy Halchynskiy, presidential macroeconomic adviser, has outlined various options for the hryvnia exchange rate to karbovanets, the most likely being a rate of 100,000 karbovanets to the hryvnia, simplifying matters by dropping a few zeros in making the conversion.

Another measure the government has taken to facilitate the introduction of the hryvnia is a presidential decree ordering the NBU to work out by Sept. 4 a mechanism to identify and write off the "hopeless" debts of state enterprises.

The decree is thought to to be aimed at the agricultural sector. To annul the debt of this sector will enable the government to hold the line on inflation within the first six months of the life of the new currency, by avoiding the need to bail out agriculture with new credits which each year cause Ukrainian inflation to spiral following the harvest.

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Belarus

President Lukashenka Bans Free Trade Union

LD3108211795 Moscow NTV in Russian 1800 GMT 31 Aug 95

[FBIS Translated Text] In Minsk, President Lukashenka today struck a new blow against his critics. In a decree, Lukashenka stopped the activities of the Free Trade Union. The republic's Prosecutor's Office, the decree says, must submit to the appropriate courts a resolution banning the activity of the union.

Deputies of the Belarusian parliament, who are due to gather for a session on 5 September, can now be held criminally responsible, arrested or subjected to administrative penalties without the agreement of parliament.

President Suspends 'Some Articles' of Deputies Law

WS0109084895 Minsk BELAPAN in English 0722 GMT 1 Sep 95

[FBIS Transcribed Text] The speaker of the Belarusian parliament Mechyslaw Hryb informed journalists at the press conference on August 31 that the president suspended the effect of some articles of the Law on the Status of the Deputy of the Supreme Soviet. Meeting Mr. Hryb, Alyaksandr Lukashenka stated that a decree on abolishing the status of inviolability of the deputy does not exist, but he suspended the effect of some articles of the Law on the Status of the Deputy of the Supreme Soviet. Mr. Hryb does not know what particular articles are mentioned.

Lukashenka Approves Reserve Funds For Education

LD3108203395 Moscow INTERFAX in English 1758 GMT 31 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Alyaksandr Lukashenka does not want the foundation of the well-known American billionaire and patron of arts George Soros to finance the education of talented Belarusian young people.

Addressing a group of those who had won school contests in various areas of knowledge in Minsk on Thursday, Lukashenko accused the Soros Foundation of engaging in activity conducive to luring the nation's elite — talented young people — to the west. The president believes that by financing education abroad the foundation seeks to employ the most gifted researchers and specialists far from Belarus, which "bleeds the entire nation white." According to Lukashenka, "these games with the west should be stopped."

The president proclaimed his willingness to use his reserve fund, "and state funds if necessary," to finance the education of talented young people. To confirm such possibility Lukashenko referred to the use of his reserve fund to finance Belarus' Znatoki team.

"There is a need to create very good living and working conditions for talented young people and their instructors to prevent them from leaving Belarus," the president said. He is planning to reconstruct several buildings in Minsk and place them at the disposal of gifted young people, he said.

Moldova

Party Leaders Assess Snegur's New PRCM

AU3008172195 Chisinau BASAPRESS in English 2114 GMT 29 Aug 95

[FBIS Transcribed Text] Chisinau 29/08/1995 (BASAPRESS) — The leader of the Moldovan Agrarian Democratic Party (PDAM), Dumitru Motpan, rejected the accusations pronounced at the opening congress of the Moldovan Party of Revival and Conciliation (PRCM) against the ruling party. He told BASAPRESS "the terms PRCM leaders used, have nothing to do with politics." "PRCM blames us that we want to revive the old regime, while its leaders strive for a presidential republic, which is characteristic for Kazakhstan and other ex-Soviet republics," said Motpan, implying that since the PRCM insists on a presidential republic with a two-chamber Parliament, the PDAM starts working on the variant of a parliamentary republic. The agrarian leader believes PRCM leadership is not willing to acknowledge the actual state of things, the achievements reached in economy and politics including, "trying to win political battles by mockeries at the ruling party." "It's strange that the PRCM claims to be a promoter of a conciliation policy and shows its availability to cooperate with all the parties, while at the same time it sticks to a modality of discussion which excludes any pluralism of opinions," added Motpan. Speaking on PRCM's proposal to alter some articles of the Constitution, the leader of the ruling party said "if all of the existent parties tried to alter at least one of the articles of the fundamental law, all our achievements would go down the drain".

"Since Snegur's supporters wanted Eminescu's star as their symbol, it's clear that the Moldovan Party of Revival and Conciliation is conceived to be a patriotic force," states the today's issue of newspaper TARA. The commentator of the People's Christian Democrat Party (FPCD) publication says "this formation will promote three ideas: the national conscience of the local elite, the feeling of security many want to be inspired, and an understanding that national minorities

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hope for." "Tara" also says "the PRCM relies mainly on the Romanians, in other words, on the native and majority population of Bessarabia." "The party is likely to bid on strengthening of relations with Bucharest and Moldova's quick integration into the military-political and economic European structures. Due to this very fact, Mircea Snegur wins the contest over his main opponents Petru Lucinschi and Andrei Sangheli," FPCD newspaper reads. The commentator believes "president Snegur's formation seems to be fragile and its attacks on the agrarians are meant not to fight an enemy, but to encourage its own staff." The author of the article, quoted by BASAPRESS, concludes that judging by the way the founding congress was held, "PRCM will be for the voters the same thing as the morning star for poem's character Catalina: a nice, but void of life appearance".

Parliament Speaker on Results of Independence

LD3108192095 Moscow INTERFAX in English 1619 GMT 31 Aug 95

[FBIS Transcribed Text] CHISINAU, Aug 31 (INTERFAX) — The speaker of the Moldovan parliament Petr Luchinskiy appreciates the results of his country's independent development. Moldova celebrated its fourth anniversary of independence on August 27.

In an exclusive interview with INTERFAX Luchinskiy said that "its evolution proves, with ever-growing certainty, that, young as it was, Moldova made the right choice for democracy and prosperity."

Luchinskiy praised civic accord and the effectiveness of lawmakers' efforts, thanks to which Moldova got a new Constitution and more than 500 laws which, in turn, "lay a solid foundation for sweeping reform."

Luchinskiy took an optimistic view of the political dialog on the problem of the Transdnestr region and the Russian-Moldovan agreement on the withdrawal of Russia's 14th Army, and pointed out that the Gagauz problem had been resolved by non-violent means.

Moldova has been recognized by 140 nations and maintains diplomatic relations with 94 of these.

The United States, France, Britain, Turkey, Hungary, Poland, Bulgaria and other countries are showing a special interest in Moldova and are treating Moldova with special warmth, Luchinsky said.

According to Luchinskiy, Moldova sees cooperation with China, India, Korea and other nations as promising. It aims for beneficial relations with Latin America.

It is only natural for Moldova to pay special attention to its relations with its neighbors — Ukraine, Rumania, Russia, and the former Soviet republics which buy the bulk of its production and whose influence on its economy is telling, Luchinskiy told INTERFAX.

Smirnov: Dniester Republic 'Will Remain'

LD3108224695 Moscow INTERFAX in English 2218 GMT 31 Aug 95

[FBIS Transcribed Text] TIRASPOL, Aug 31 (INTERFAX) — The Dniester Moldovan Republic exists and will remain, the leader of the self-proclaimed republic Igor Smirnov declared on the eve of the fifth anniversary of its formation, September 2, 1990.

"Only a state system can guarantee the observation of our rights and interests. Therefore we find it possible to resolve all problems only by developing relations between Tiraspol and Chisinau on the basis of agreements," Smirnov said. Tiraspol insists on Moldova's recognition of his republic, he added.

On the meeting with Moldovan President Mircea Snegur planned for September 13 Smirnov said talks would continue anyway, even though no agreement has been reached. He said no final documents are to be signed on September 13 because the sides are not ready for that.

Smirnov told INTERFAX Tiraspol has always favored Ukraine's involvement in the settlement process.

He denied reports that arms and military hardware of the Russian army contingent are being surrendered to the Dniestr armed forces.

Smirnov praised the command of Russian troops in Moldova, remarking that newly appointed Russian commander Lieutenant-General Valery Yevnevich restored order at arms depots.

He admitted that the social and economic situation in his territory remains complicated and accredited it to the formation of customs barriers within the CIS, the 1992 armed conflict and unfavorable weather conditions of the past few years.

Situation in Dniester Security Zone 'Under Control'

AU3108111695 Chisinau BASAPRESS in English 1930 GMT 30 Aug 95

[FBIS Transcribed Text] Chisinau 30/08/1995 (BASAPRESS) — The Joint Control Commission (CMC) examined today the situation in the security zone over the last two weeks. According to the Joint Military Command report, the situation was under control during these weeks. Several units of armament have been confiscated in Bender.

CMC co-chairman on behalf of Moldova, Victor Catan, called the CMC's attention to the illegal acts committed by certain Dniester paramilitary groups. On August

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23, the Dubasari border guards under Dniester jurisdiction confiscated the cargo of two cars whose owners were from the right bank. During the same period, the Dniester environmental militia detained two employees of the "Prut" fish farm. The militia confiscated their fishing tools ignoring the fact that the two had fishing licences issued by Moldovan organs. Several days ago, three Dniester soldiers assaulted a Moldovan peace keeper in Tighina in an attempt to tear off his epaulets. At the conclusion of the CMC meeting, it was underlined that such "provocative actions" should not repeat, according to the CMC press service.

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Kazakhstan

Israel's Peres Signs Four Cooperation Agreements

TA3108162595 Jerusalem Qol Yisra'el in English 1500 GMT 31 Aug 95

[FBIS Transcribed Text] Foreign Minister Shim'on Peres is concluding an official visit to Kazakhstan, the largest of the former Soviet republics in Central Asia. He signed four agreements for cooperation in science, culture, and tourism, as well as diplomatic consultations. Peres agreed with correspondent Gid'on Remez that a wider strategic mutual interest is emerging between Israel and the Central Asian state.

[Begin Peres recording] Very much, though there is a strong Muslim element, but there is a complete separation between state and religion. There is much admiration for Israel. They look upon us as a pocket superpower that has achieved its strength and hope and influence by relying basically on the human element, and they look upon Israel also as an entry into the next century and to the western world. [end recording]

Peres also stressed that Kazakhstan had renounced any intent to retain nuclear weapons from the Soviet era and dismissed reports that it might supply uranium to Libya or Iran.

Nazarbayev on Outcome of Constitutional Referendum

LD3108163595 Moscow Mayak Radio Network in Russian 1500 GMT 31 Aug 95

[FBIS Translated Text] Yesterday, Kazakhstan held a referendum on the adoption of a new constitution. In this connection, President Nursultan Nazarbayev held a news conference, at which he spoke to a Mayak correspondent.

[Begin Nazarbayev recording] The overwhelming majority of the people of Kazakhstan supported the referendum, with 90.5 percent of the electorate taking part, and, according to preliminary information, 89.3 per cent said yes to the constitution. The central referendum commission will sum up the final results and report them.

By doing so, Kazakhstan enters a period of constitutional life. The most important achievement is that we give up the communist system of procuracy and court, which we had in the past. Our procuracy now has an entirely different application, and it will not be involved in investigation. From now, investigation will be separate from court and procuracy in Kazakhstan. A small parliament will have two chambers. The authorities of each power branch are clearly defined. The president acts as an arbiter. The government is the supreme executive power. When the parliament adopts laws, the issues for its consideration are very clearly defined. The government heads the system of executive power in Kazakhstan. In other words, real human rights and freedoms are guaranteed.

Our colleagues in the CIS, our friendly neighboring states, will assess positively all that is new when they read the constitution. Most importantly, the constitution guarantees the equal rights of all the people in Kazakhstan, and peace in every house and in every family. There is every opportunity now for market reforms to move forward. [end recording]

'Heated' Arguments Continue

954F3265A Almaty NOVOYE POKOLENIYE in Russian 28 Aug 95 p 3

[Article by Manas Koptleuov: "Democracy Is Hard Like Monomakh's Cap"]

[FBIS Translated Text] From 30 June through 30 July, everywhere in the republic there was discussion of the draft of the country's new Constitution. During this time, as the mass media report, there were about 33,000 collective discussions, in which more than 3 million people participated. An overall total of almost 30,000 suggestions and remarks was submitted. On 1 August the press published the draft of the new Constitution, which was reworked taking the nationwide discussion into account and which will be placed on a republic referendum on 30 August. But the arguments and heated discussions regarding this document, which is so extremely important for the fate of the country, have still not died down.

I focused my attention on the most frequently repeated critical statements and, having singled out the main aspects of them, tried to understand how timely they were with respect to the current situation in the country. First about the critics themselves. They can be divided into two groups.

The first group includes political opponents of N. Nazarbayev and his team. Almost all of them come from the former party-administrative nomenklatura. Some of them are still in the structure of executive power, while others are outside it for the time being. In both cases, they are dissatisfied with their current situation and are afraid that strengthening the president's authority through the new Constitution will reduce their chances of realizing their own ambitions. One must assume that they have justification for such fears. Therefore, there is nothing surprising in the fact that they regard the draft of the new Constitution as a document that sanctions authoritarianism.

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The other group of critics are maximally disposed to support the introduction of full and unconditional classical democracy as soon as possible. Their ideas are far removed from the harsh realities of Kazakhstan, or they simply ignore them. Their opinion amounts to the following: The proposed draft of the Basic Law is a step backward even in comparison to the Constitution adopted in 1993.

We shall try to figure out how rational these arguments are. First about the view of the situation and the way out of it. For example, we have Russia—a great power with a colossal potential for development. Our experience in the establishment of a state can in no way be compared to its experience. Nonetheless, when evaluating the current situation in Russia and considering acceptable paths of further development, Russians refer equally both to the achievement of the developed countries of the West and to the experience of developing countries. The latter include the broadest spectrum of names: from China to Burkina Faso, although, to be fair, few could bring themselves to call Russia a developing country.

Rather, it is its own kind of country with its unique experience. Incidentally, about uniqueness. In today's Russia there are plenty of people who insist that because of its uniqueness, the country should have its own path of further development that is distinct from all models known in the world. But we Kazakhstanis, it seems, are inclined a priori to consider Kazakhstan a country to which only the experience of developed countries is applicable. And this experience is regarded not from the historical perspective, which could somehow be explained, although it would hardly be justified in practice either, but in the current finalized form. My own personal observations have shown that in our country, much more frequently than in Russia, people let drop: "as in all civilized countries." There is practically no reference to the experience of developing countries, which is extremely instructive, because the organizations for international development have included Kazakhstan, like other countries of Central Asia, in the category of developing countries. Apparently we regard this assessment as insulting. Hence our painful ambitions and demands for everything to be as it is "in civilized countries." No more and no less!

By whom, how, and why is this over-assessment of ourselves being encouraged?! Be that as it may, in the foreseeable future we will remain as we are now. That is, a developing country with all the problems inherent in it. That is what we have to deal with. Next to us is the giant country of China, which is a member of the UN Security Council and has nuclear weapons. It has an annual growth of production of 15 percent and a positive trade balance with the economically powerful United States of tens of billions of dollars. The Americans have stopped relating to the Chinese with the condescension of a superpower. Relying on the results of their research, they assure us that China is an economically developed partner, and in trade with it they use the same methods as they usually apply in relations with Japan and Western Europe. But the Chinese themselves stubbornly resist being recognized with the flattering definition of an "economic superpower" and emphasize again and again: "We are only a developing country."

Alas, modesty in self-appraisal is something we no longer hold in very high esteem. We give unconditional preference to the epidemic—which is little understood from a sober view and fairly superficial—of judging everything and everyone from the standpoint of the criteria of a developed economy and a classical democracy. From the outside at least, it seems that we have all the preconditions for joining, both economically and culturally, the ranks of the elite countries. But there is just some small thing that stands in the way, and on top of that the powers stubbornly refuse to lead the country along the high road of civilization.... Such attitudes seem absurdly tragicomic.

We are living in a developing country. Our homeland, like our parents, is something we do not choose. The definition "developing country" is only a nod to the classical formulation. For our own development is proceeding with a minus sign so far. And classical democracy is fully embodied with a developed economy. A developed economy functions successfully in a democratic society. On the practical plane, these two concepts are coterminous, and they cannot exist for long without each other. This is obvious, it is an axiom of world sociopolitical reality.

And now about adventurism. What is wrong with it in the critics' view? Too much power ends up in the hands of the head of the state, which actually makes a fiction of the declared popular rule. Well, this sounds quite convincing. We have been talking about popular rule as a standard for social construction for about 50 years now. Among politicians and the powers that be, you would have a very hard time finding any opponents of popular rule now. They are not fools. Stupid rulers who have taken the liberty of saying simply "I am the people" have receded into the past. Democracy means, as we know, popular rule. Thus, it turns out that adventurism is an attack on democratic foundations.

But let us look at this issue seriously, without high-flown hysterics. There are now more than 100 states that are members of the UN in the world. If one is to believe the declarations, popular rule as a form of social structure is affirmed practically everywhere. But in reality, two-thirds of all the states are ruled by

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authoritarian, totalitarian, or oligarchic regimes. Is this bad or good? No, it is probably not good. But such is the reality. And it is dictated by the natural course of the development of the history of one society or another, and not by the will of particular, albeit even very strong and powerful, individuals. Otherwise, democracy would not have had any problems for a long time throughout the entire earth. The more so since it cannot be forced on everyone by the leading countries of the world.

Western Europe and especially the United States are inclined to link the achievements of the economic well-being of any particular developing country to the indispensable establishment of democratic policies there. And they show no readiness to consider its historic and cultural peculiarities or the level of sociopolitical development at the given time. One gets the impression that democracy and complete freedom of entrepreneurship are all-consuming fetishes for them. Even though the West Europeans and Americans themselves could frequently fare better with the real state of affairs in, say, the developing country itself than the aborigines can. But nonetheless, they prefer to persist in their brilliantly attractive stereotypes and frequently infect the local intellectual elite with their confidence. Then the elite itself begins to function with the stubbornness and thoughtlessness of neophytes, appealing, with or without occasion, to the Western community with the aplomb of suffering apostles of the true faith. Thus, a situation is formed in which the rulers, on the one hand, are forced to constantly prove their devotion to democracy, having as opponents their own dissident public, and as the arbitration agency— international organizations and the Western society. On the other hand, they are at pains to find a solution that will enable them to lead the country along the path of onward development and at the same time avoid accusations of anti-democratism. The experience of recent decades shows that in practice sooner or later this will lead to cataclysms in the society.

Everyone knows that of the non-European nations, only the countries of the Far East and Southeast Asia have been able to grope their way along the path of aggressive economic development and become entrenched on it. So I have this question: Which of them has achieved appreciable economic results after starting the path to success by setting up a classical democratic system, that is, the model that is now all but being imposed on Kazakhstan and its leaders?! Not a single one! Japan does not count, since it was formed long ago as a fairly developed state with its balanced social system and it plays as an equal with the Kipling-like West. That is the first thing. Second, the existing Constitution of Japan was written by the American occupation administration of General MacArthur. Even the Americans themselves are strongly suggesting that the Japanese revise their Basic Law (what kind of democracy can there be with a constitution that originated during an occupation!). And they don't give a damn! They consider this aspect inessential....

All other countries of this region that have now gotten on their feet and are proceeding forward with seven-mile steps have reached this joyful result precisely because of the rule of authoritarian or totalitarian regimes for long decades, and not in spite of them! The facts are such that impetuous apologists of democracy do not speak of them. Communists are still in charge in China. In Vietnam too. In other countries of the region, strong authoritarian regimes are just beginning to ease up and gradually borrow elements of authentic democracy. But this year it is China, which is totalitarian from the viewpoint of democracy, that was named by international financial-investment institutions as the most favorable country for making investments. That is, in other words, it is the market for capital investments with the best economic conditions. That probably tells us something.

Incidentally, there is one exception to the rule in the region. It is the Philippines, which is the most Europeanized country in all of Asia. The Philippines religion is Catholic, the given names and surnames are Spanish, and the language is English. For the past 100 years, the country has been developing under the direct influence of the United States. The Americans call it a model of democracy in Asia. And economists, noting the brilliant prospects for economic development in countries of Southeast Asia emphasize: "except for the Philippines..." for substantiation I shall cite the statements of the eminent authorities. Here, for example, is what a member of the Cabinet of Ministers of Japan during 1987-1989, Sintaro Isihara, has to say: "I pointed out (to an American journalist—ed.) that in the developing countries located in the regions that were under white influence or those to which the West still renders aid and gives advice, chaos rules. Look at Africa, Central and South America, and the Near East. In Asia the only hopeless case is the Philippines, which was managed by the United States. Incredible as it may be, the Americans foster the illusion that the Philippines are a showplace of democracy, which shows their absolutely incorrect perception of the surrounding world. Good intentions have ended up with pathetic results... the Americans still have not learned their authentic democracy." (INOSTRANNAYA LITERATURA, No. 11, 1991, p. 244.)

The question arises: What have the Americans taught the Philippines during their hundred years of joint experience? Let us listen to the Filipinos themselves: "The Americans have taught us how to be consumers

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but not how to earn a living"—says a Filipino senator, distressed about the underdevelopment of the production industry (THE ECONOMIST, 24-30 October 1992, p. 64).

Alas, the postulate about the direct dependency of economic development on the level of democracy in the society is not always justified. True, in this case one can still think that it has been corroborated. But precisely in the opposite way! Such a pathetic result close at hand causes some of the leaders of the region to look with cautious suspicion at the stubborn imposition of democratic policies by the West. And the prime minister of Malaysia, Mahathir Mohammad has already stated openly: They want us to profess the type of democracy that brings with it instability, economic decline, and poverty. Thus they can frighten and control us. (IZVESTIYA, 20 November 1993, No. 233.) Very poignantly put. But it would seem that this is the response to the stubborn and impetuous imposition of their stereotypes on others.

Some day we will reach full-fledged democracy, if, of course, in our maximalist impatience we do not drive ourselves into a blind alley from which there is only one way out—trouble and disorder. And the result is only discreditation of the idea. **Now the level of public awareness in Kazakhstan does not correspond to a situation where we can demand immediate and unconditional introduction of classical democratic norms of social structure. So first it is necessary to go through the period that is characterized by the presence of a strong centralized power in an authoritarian form. For otherwise the most painful problem will be disorder.** Democracy, especially the kind we have now, is not able to provide it. We must avoid ultimately sinking the society into general chaos and poverty. And immediately. Otherwise, it will be too late. I think that it is an awareness of this alarming reality that motivated the country's leaders to take active steps and force them to face the need to place the draft of the new Constitution before a nationwide court. Now the choice is up to the people of multinational Kazakhstan.

Tajikistan

Turkmen Foreign Minister Arrives in Dushanbe

LD3108185195 Moscow INTERFAX in English 1532 GMT 31 Aug 95

[FBIS Transcribed Text] DUSHANBE, Aug 31 (INTERFAX) — Turkmen Deputy Prime Minister and Foreign Minister Boris Shikhmuradov came to Dushanbe on a one-day working visit today.

He told reporters on his arrival in the Tajik capital that he was going to discuss with the Tajik authorities the drafts of several documents on the development of bilateral cooperation in the areas of the oil and gas complex and transport infrastructure.

When asked if the fifth round of the Tajik government-opposition talks could be held in Ashgabat, Shikhmuradov said that Turkmenistan was not going to impose itself as a peacemaker. He said: "We are just offering the service of a country who can organize the dialogue."

Shikhmuradov said normalization of the situation in Tajikistan was in the interests of all the countries in the region.

Shikhmuradov also said he would discuss the possible holding of the Tajik government-opposition talks in Ashgabat at his talks with the Tajik authorities.

Shikhmuradov also said the foreign ministers of Iran, Turkmenistan and Tajikistan were expected to meet in Ashgabat in the near future in order to "find the forms for trilateral cooperation."

Shikhmuradov will meet with Tajik President Emomali Rakhmonov behind closed doors on August 31.

Turkmenistan and Tajikistan are likely to sign a protocol on consultations between the two countries' foreign ministries.

Ashgabat and Dushanbe may also sign a document on the transfer to Turkmenistan of a building in Dushanbe to be used as the Turkmen Embassy to Tajikistan.

Government Welcomes Peace Agreement

LD3108201795 Moscow ITAR-TASS World Service in Russian 0943 GMT 31 Aug 95

[By TIA KHOVAR correspondent Andrey Sidorin for TASS]

[FBIS Translated Text] Dushanbe, 31 Aug (ITAR-TASS) — President of Turkmenistan Saparmurad Niyazov welcomes the recently-signed inter-Tajik protocol on the main principles of peace and national accord in Tajikistan. This was announced today by Boris Shikhmuradov, Turkmenistan deputy prime minister and foreign minister, during a meeting today with President of Tajikistan Emomali Rakhmanov.

He handed the Tajik head of state a personal message from the president of Turkmenistan, in which it was hoped that cooperation would grow between Tajikistan and Turkmenistan.

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'Rebel' Forces Continue To Pose Threat in Pamir

LD3108164495 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 31 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] Rebel formations becoming more active in the Pamir foothills are causing great concern.

The situation that has developed in the Karategin ravine is especially critical. According to various reports, from 500 to 2,000 well-armed and trained militants are concentrated here. Being divided into small groups and by constantly changing their whereabouts they literally terrorize the local population and heads of major farms and impose excessive dues on them. Severe retribution awaits those who do not comply. The latest facts of brutal murders in Garmskiy, Komsomolabadskiy, and Tavildarinskiy Districts verify this.

[Begin Deputy Security Minister B. Abdullayev recording] Either these actions on the part of the opposition forces are deliberate and are aimed at demonstrating their strength and capabilities on the eve of the fifth round of the inter-Tajik talks, or the armed groups in the Karategin ravine are not controlled by the leaders of the opposition. [end recording]

One way or another, blood continues to be shed in the Pamir region. Over the past four months in Garmskiy District alone, the militants have shelled the administrative center eight times. There have been 28 murders of mainly law enforcement bodies' representatives and heads of enterprises and collective and state farms.

Uzbekistan

Third Parliament Adopts Military Doctrine

LD3108203695 Moscow INTERFAX in English 1758 GMT 31 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Uzbek parliament's third session ended Thursday in Tashkent.

In his final statement President Islam Karimov pointed out the great importance of restructuring national economy by developing private enterprise and privatizing state property, which is the main factor strengthening the country's economic power.

It is necessary to revive owner's attitude in people who will then begin working hard not looking back and not giving in to the feeling of dependence, said Karimov.

The deputies decided to hold a national discussion of the draft law on measures to stimulate the development of small and middle-scale private enterprise.

Speaking about the results of the session's work, Speaker Erkin Khalilov said that despite the fact that there are four factions in the Uzbek parliament, deputies were unanimous when they passed decisions on major issues of the country's life.

In particular, the parliament adopted Uzbek military doctrine which is expected to strengthen Uzbekistan's defense and ensure its independence.

Many of the deputies said that the doctrine affects not only the defense but a whole range of ideological, political and moral issues. Patriotism and love for the country are the basis of the statehood, they stressed. Hence the military doctrine is as important for the education of the young as for strengthening the defense and ensuring the independence of the country.

All the deputies took part in the celebration of the fourth anniversary of Uzbekistan's independence Thursday.

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Armenia

President Discusses Ties With Russian Delegation

NC3108203895 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 31 Aug 95

[FBIS Translated Text] Today Armenian President Levon Ter-Petrosyan received a Russian state delegation headed by Ambassador for Special Missions Vsevolod Oleandrov.

The Armenian presidential press service reports that while highly appraising the existing multi-sided cooperation between the two countries, the delegations examined the overall situation and main trends of development in Armenian-Russian relations.

Armenian Foreign Minister Vahan Papazyan; Gagik Shahbazyan, minister for relations with the CIS, EU, and international economic organizations; Hovhannes Igityan, chairman of the Armenian National Assembly Standing Commission on Foreign Relations; and Russian Ambassador to Armenia Andrey Urnov were present at the meeting.

Deputy Minister on Border Tension, Karabakh Talks

NC3108205095 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 31 Aug 95

[FBIS Translated Text] The reports in recent days from the Defense Ministry indicate that the tension is again on the rise on the Armenian-Azerbaijani border.

Armenian Deputy Foreign Minister Vardan Oskanyan does not specifically link this development with the round of talks scheduled for Moscow on 4 September, because, in his opinion, tension has always increased prior to such talks. Essentially, the aggravation of the situation does not suit Azerbaijan, for the solution at these talks of the problem relating to the territory occupied by the Armenians is of vital importance to them. But for the Armenians the most important problem remains the future of Lachin, which is the fundamental guarantee of the security of Nagorno-Karabakh.

We cannot expect any serious results from the talks as long as this issue remains unsolved, said Vardan Oskanyan. An interview with him by our colleague Anush Harutyunyan will be aired on the "Zarkerak" program on 2 September.

Positions Come Under Fire From Azerbaijan

NC3108200895 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 31 Aug 95

[FBIS Translated Text] Defense Ministry reports that the Azerbaijani side fired on Hushchaghat location in Tavush with heavy machine guns and various firearms between 1650 and 1920 on 30 August, and on the defensive positions of Vahan in Krasnoselsk District between 1640-1830.

The road leading to Voskepar in Noyemberian was fired upon with various firearms between 0030 and 0130 on 31 August. Armenian Army units forced the enemy to stop firing.

Relative calm prevails on the rest of borders. No further incidents had been reported as of 1630.

Council Approves Plan For Administrative Divisions

NC3108211095 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 31 Aug 95

[FBIS Translated Text] The administrative-territorial division of the Armenian Republic was examined at today's session of the Armenian Council of Ministers under the chairmanship of Prime Minister Grant Bagratyan.

Rubik Barseghyan, minister for the territorial administration, submitted a draft law on the issue. According to the draft, the following are the administrative-territorial units of the republic: Provinces [marz]; Communities [hamaynk] within a province; Yerevan, which has the status of a province; and Yerevan's suburban communities [taghayin hamaynk].

There are nine provinces: Syunik, Vayk, Ararat, Aragatsotn, Kotayk, Gegharkunik, Shirak, Utik, and Gugark.

A state administration is envisaged for each province and for Yerevan; and local self-administration is envisaged for the communities.

While those speaking during the exchange of views basically endorsed the draft law on the administrative-territorial divisions, they at the same time made various proposals regarding the boundaries of provinces and the provincial centers [marzkendron].

In summing up the discussion, Prime Minister Grant Bagratyan noted that the provinces were formed by piecing together complete rayons without dissecting them or altering their boundaries. A number of things were taken into consideration as a guide in forming the provinces, including economic characteristics, prospects for development, bureaucratic problems, communications, and so on. The existence of the essential infrastructures for a province was used as the main criterion in the selection of the provincial centers.

The draft law sanctioning the administrative-territorial division of the Armenian Republic has been approved.

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The draft law will now be submitted to the National Assembly.

Deputy Chairman of the National Assembly Karapet Rubinyan; the chairmen of the parliament's permanent commissions Eduard Yegoryan and Armen Yeghiazaryan; National Assembly deputies; and chairman of the rayon executive committees were invited to the meeting.

The Council of Ministers also discussed addenda and amendments to the Law on Privatization and Denationalization of State Enterprises and Unfinished Buildings, and to the 1994 program for the privatization and denationalization of these objects. The meeting endorsed the relevant draft laws to be submitted to the National Assembly.

The meeting also discussed other matters.

Azerbaijan

Aliyev Reaffirms Peace Commitment on Karabakh

LD3108222695 Moscow INTERFAX in English 2215 GMT 31 Aug 95

[FBIS Transcribed Text] BAKU, Aug 31 (INTERFAX) — Azerbaijani President Geydar Aliyev confirmed that his country is committed to a peaceful resolution of the Karabakh conflict.

The truce which has been in force for over 15 months provides a favorable environment for this, he told an OSCE delegation in Baku Thursday night.

Aliyev insisted, however, that Armenians should withdraw from the occupied Azerbaijani lands, notably the towns of Shusha and Lachin.

He said that the mediators should be fair in tackling the conflict. In Aliyev's view, "the mediators must provide plain answers to certain questions, what country is the victim of an aggression, whose territory is now occupied, what country has over a million refugees, the damage of whose economy is measured in billions of dollars.

Possibility of Election Boycott Reviewed

954F3237A Baku ZERKALO in Russian 19 Aug 95 No 30, p 3

[Article by N. Aliyev: "Has the Boycott of the Parliamentary Elections by the Parties of the Democratic Camp Failed? If So, Only the Democratic Opposition Is To Blame"]

[FBIS Translated Text] On 12 August the National Assembly adopted by clause-by-clause vote the law "On Elections." In accordance with this document, elections to the supreme legislative body will take place on 12 November according to a mixed system. Twenty percent of the seats in parliament will be given to deputies elected by party slate; the rest will go to deputies elected by the absolute-majority first-past-the-post system.

Although the leadership of the republic did make concessions to the opposition, no serious corrections to the bill that had been presented were, as was to have been expected, made. All the more surprising was what happened during the discussion. Considering the opposition's resolve, its categorical statements concerning the undemocratic nature of the proposed bill, and the threat to boycott the elections, it might have been assumed that the representatives of the opposition parties would during the clause-by-clause discussion have "given battle." But this did not happen, and relative calm reigned in parliament in principle during the discussion. It was after the law had been adopted, for that matter, that representatives of the opposition—the Azerbaijan National Independence Party, the People's Front, Musavat, and others— declared that none of their proposals had been reflected in the law and that the adopted law was undemocratic.

The question of a boycott of the elections by the democratic opposition was once again pointedly raised immediately. For the past month this topic has been one of the most painful. Prior to the adoption of the law "On Elections," the opposition, raising the question of a boycott, had employed it as a means of pressure on the authorities for the purpose of "democratization of the elections bill." Now, however, in connection with the fact that the law has been adopted, the issue is somewhat different.

Two or three weeks ago, even, when a majority of the opposition parties declared their readiness for a boycott, doubts arose as to whether all or even a majority of democratic parties would take part in it. Speaking of their resolve to fight to the end, representatives of the political organizations that are a part of the Roundtable immediately maintained that some people of their camp were conducting separate negotiations with the authorities in order to obtain a few seats in the future parliament. Such sentiments and remarks have not, naturally, contributed to the formulation of a common opinion on this matter.

An additional stimulus to a revival of the original boycott idea were the refusals of the Ministry of Justice to register certain political organizations. Ali Kerimov, a leader of the Azerbaijan People's Front Party, immediately following the Ministry of Justice's refusal to register the PNFA [Azerbaijan People's Front Party], confirmed the readiness of the Democratic Congress and the

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Roundtable and its parties to boycott the elections. In a KHABAR-SERVIS interview, however, A. Kerimov did not rule out the possibility of there being within the Roundtable parties that were negotiating with the country's leadership. But, in his opinion, only "pocket parties" supported by the authorities to deprive the opposition of unity and to "put out false rumors that the bigger parties like the PNFA and Musavat are playing a secret game" are operating in this way.

But it turned out that A. Kerimov was wrong. Literally one or two days later, Niyazi Ibragimli, general secretary of the Musavat Party, issued a statement that emphasized that the Musavat leadership was not inclined to append its signature to the Roundtable boycott statement, since it believes that the Roundtable will be unable to organize a real and effective boycott. N. Ibragimli categorically rejected here the persistent rumors that the Musavat Party had secured some privileges for itself from the national leadership and was for this reason not agreeing to a boycott.

N. Ibragimli's words signify the Musavat Party's rejection of a boycott, virtually. Following a practically analogous statement of Etibar Mamedov, leader of the National Independence Party, it became clear that the democrats' planned action had, most likely, fallen through. The Musavat Party's refusal to boycott the elections is understandable—too much has been staked on this political organization for it to be put at risk. After all, following the denial of the PNFA registration, the hope of a large part of the democratic opposition has been concentrated on Musavat. As far as the PNNA [Azerbaijan National Independence Party] is concerned, this party has always detached itself from the rest of the opposition. Even if some people were now to attempt to boycott the elections, it would not, given the rejection of a boycott by the biggest opposition parties, produce any results.

The most ardent supporter of a boycott of the elections has traditionally been the Roundtable association of political parties. But there is evidence of serious contradictions on this issue within this political association also. They were most strikingly on display at one of its recent sessions, on 12 August, the day that parliament adopted the law "On Elections." Some members of the Roundtable explained their indecisiveness by the fact that their parties had yet to discuss the law and, accordingly, had yet to adopt a decision on whether to boycott the elections or not.

The Azerbaijan Social Democratic Party has been and continues to be the most dogged supporter of a boycott. A real altercation between Zardusht Alizade, a leader of the SDPA [Azerbaijan Social Democratic Party], and Arif Gadzhiyev, secretary of the somewhat more moderate (on this issue) Musavat Party, flared up at the Roundtable session. Z. Alizade stressed that following Rasul Guliyev's words to the effect that the opposition would not obtain seats in parliament by threats, its participation in the elections would be a sign of disrespect for itself. In addition, in his opinion, were the opposition to decline to boycott the elections, this "would help reclothe the entire election process in a democratic outfit." Z. Alizade declared that with such an election law the SDPA would flatly refuse to take part.

According to A. Gadzhiyev, the Roundtable could boycott the elections in any phase of the election campaign, but "in doing so right at the outset, we would forfeit the opportunity to declare open war on the authorities in the eyes of the people." Z. Alizade was A. Gadzhiyev's opponent on this issue also, declaring that all illusions as regards the possibility of some pressure being exerted on the leadership in the process of the campaign should be cast aside. In the opinion of the deputy chairman of the SDPA, the leadership would be creating conditions whereby in having first accepted the rules of the game and in then having declared a boycott, the opposition would be making itself a laughingstock.

Following the debate, it was decided, without having abandoned the boycott statement, to give the parties one further week for reflection and then to assemble them to work out specific measures and a plan for implementation of the boycott.

The SDPA's irreconcilability on this issue is very easy to understand—last week the social democrats were denied registration, and, consequently, they have nothing to lose. The issue had not been considered by the majority of parties constituting the Roundtable by the time that the Roundtable session was held. And it is this, most likely, that explains the time frame of one week, within which the Roundtable parties are to make a decision.

That the desire of any party to boycott the elections depends to a large extent on whether it is registered or not is confirmed by the words of Mirmakhmud Fattayev, deputy chairman of the Azerbaijan People's Front. In an interview with KHABAR-SERVIS, he declared that if the PNFA manages, for all that, to get registered with the Ministry of Justice, "it will then discuss the possibility of its participation in the elections, regardless of the law that has been adopted."

Be that as it may, unless the PNNA, Musavat, and certain other parties alter their decision, it may be concluded that the opposition cannot boycott the elections, since a boycott is meaningful only when everyone takes

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part. But Azerbaijan's democrats are still a long way off from joint actions (not declarations).

Daily Analyzes Privatization Process, Situation

954F3238A Baku ZERKALO in Russian 19 Aug 95 No 30, pp 1, 6

[TREND report: "Privatization: Will Everyone Be Satisfied With the 'Rules of the Game'"]

[FBIS Translated Text] The process of privatization of state property, the need for whose conduct has already been discussed for more than three years, has taken on real outlines. The opportunity has arisen in this connection to analyze the situation that set in before privatization and to forecast the probable course of events.

The General Economic Situation

The implementation of the privatization program brooks no delay because of the depth of the economic and social crisis. In the last five years, production in the processing branches has fallen by 72 percent. A slump is also observed in the key, "oil," branches of the economy, where the drop in oil production and in refining amounts to 6 percent and 8 percent, respectively; moreover, the amount of refined oil decreased from 18 million tonnes to 8 million tonnes.

Such a state of the economy compelled the government to initiate the implementation of the tough financial measures proposed by the IMF. Given a relative leveling of financial indicators, this led to an even greater slump in the economy. Enterprises, not receiving state subsidies, simply came to a stop (more than 80 percent of the enterprises are not functioning now), and workers, who have not been receiving pay for months, have simply started to loot state property.

These processes gave additional impetus to the flourishing of corruption. Shady dealings continue to increase, and the situation in the credit-monetary system, despite the efforts of the Ministry of Finance and the National Bank, are worsening noticeably. According to our calculations, in the last half year the velocity of money turnover (GDP/M2) fell sharply from 4.6 to 2.8. At the same time, the outflow of capital abroad continues to grow. (The rates of export have fallen recently, but this is occurring mainly owing to a reduction in the aggregate demand to a minimum.) Finally, the social situation of the population is simply threatening. The average wage does not cover even one-fifth of the necessary subsistence minimum.

The population has eaten up practically all of its savings, and the threat of famine in the country could soon become real.

In such a situation the conduct of privatization becomes almost the only way out of the situation. Thus, everyone realizes the need to implement privatization immediately. Will everyone be satisfied with the "rules of the game" and with the specific amounts of property that they receive?

Objectives and Tasks

The objectives and tasks that are resolved in the course of privatization depend on what problems the government wants to resolve and what hierarchy of interests it is guided by. Very often, the declared objectives and tasks are not the true ones. This was shown by the experience of the countries of Eastern Europe, where fulfillment of the declared objectives amounted to on the order of only 10 percent. Apparently, the main objective of privatization in Azerbaijan is the quick transfer into private hands of more than 75 percent of the state property. At the same time, it remains unclear how the two key tasks within the scope of this program that lead to the implementation of this objective will be resolved. The first task is the quick transition from state to private mobilization of capital, which is problematical, given virtually a zero volume of internal investment resources. The second is that privatization should lead to the management of enterprises by specialists who are able and desire to work under market conditions, but who do not serve the political interests of one or another group. The difficulty of resolving such a task is aggravated by the corruptibility of the managerial apparatus.

The resolution of yet another strategically important task has not been reflected in the program—the post-privatization rehabilitation of enterprises, which should attract large foreign investments to the republic. The naive hope of a barrage of foreign investments as a result of privatization, to put it mildly, has no basis to it. For foreign capital to "come" to the republic, it is necessary to create a whole complex of conditions and mechanisms for its attraction. As world experience has shown, state guarantees alone are not sufficient for this. The main indicator for a foreign investor is the attitude toward the internal investor, and also the presence in the country of a powerful lobby that is formed according to the industrial principle. There are still no powerful lobbyist groups in Azerbaijan that express the interests of individual industries, and the attitude of the state toward the internal investor in general does not need commentary.

The balance of forces that has taken shape in society has great significance.

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Balance of Forces

The balance of forces and interests that has taken shape in Azerbaijan represents a rather motley picture. The republic, having recovered from a democratic party struggle that was imported from without, returned to the historically developed confrontation of territorial-clan structures, the interaction among which determines all internal policy. The party opposition today is fragmented and does not represent a real force that could interfere in the progress of the privatization process. As has occurred repeatedly in history, the process of the redivision of property objectively will be accompanied by an explosion of political passions and, in our opinion, all of this will occur within the framework of traditional inter-clan relations.

While conducting privatization with the aim of not permitting a destabilization of the situation, the political leadership will attempt to place this process under strict control, at the same time limiting the access of the others to the most attractive objects of state property. But the situation is complicated by the fact that, given the presence of excellent starting conditions (establishment of the rules of the game, control, etc.), the political elite does not possess a sufficient amount of resources for full control of the situation. At the same time, the opposing group (or an association of several groups), possessing powerful financial resources, accumulated both inside the country abroad, could really achieve control over the privatization process through figureheads. This, unquestionably, will affect the process of privatization itself, it will intensify an already tense situation both in politics and economics, and it could lead to the failure of the entire privatization process, inasmuch as the basic aim—the full restructuring of the economy (a sum on the order of $16 billion is needed for this)—will not be achieved.

The first investments in the economy of Azerbaijan should be undertaken owing to returns of resources that were exported—on the order of $2.5-3 billion—and on whose basis the structural restructuring of industry will begin. Also not excluded is the "individual game" of separate figures and groups within the framework of already-formed "interest clubs." This could be the result of both tactical considerations and a desire to acquire additional advantages over allies. And the persistent struggle that broke out before privatization could give answers to many questions.

In particular, the sharp decrease in the aggregate demand to a minimum before the very start of privatization does not constitute an element of effective credit-monetary policy being conducted by the National Bank and the Ministry of Finance, but a factor in restricting the purchasing power of the population that would make it possible (by means of a forced sale) to concentrate state property in the hands of a specific group of persons. Also in this category is the triple increase in the volume of monetary emissions that was implemented in the course of the last five to six months right before privatization itself, and which had no kind of effect on the key economic indicators. Calculations show that a sum in the amount of 400 billion manat has accumulated in the current accounts of some structures, and it is awaiting its hour just before the impending election. This also explains the complete secrecy of the National Bank in presenting even the most innocent information and, naturally, it raises the question: Does this mean that there is something to hide?

Privatization as a Process

The distribution of four checks to each citizen will initiate the process of massive privatization. Moreover, these securities will not have a nominal value—their value will be determined on the stock market. The total value of property being privatized is estimated in the sum of more than 4 trillion manat. But inasmuch as this sum is understated, a reappraisal of the assets will be conducted before the beginning of privatization with the involvement of international auditing organizations. According to our estimates, the value of the assets in their current conditions amounts to the sum of a little more than $3 billion. The sum of $10 billion indicated by experts of the GKI [State Committee for the Administration of State Property] is considered to be unrealistic. Also doubtful is the purely technical capability in so short a time to implement such a grandiose reappraisal, without which converting enterprises to joint-stock companies is impossible.

The absence in the republic of a stock market, specialists in securities work, and elementary knowledge about operations with shares of stock among the people, etc., etc., raises problems that are difficult to resolve during the conduct of privatization. A positive feature is that each resident of the country will be issued four checks—this will make it possible to diversify the privatization process. But, on the other hand, this will not promote the specialization of the stock market, inasmuch as each physical person can independently make a determination as to one's own investments, and the need for specialized stock institutions will not be felt, although the creation of check investment funds (ChIF) has been established in the program.

The system of specialized ChIF's and the thesis that they will be a guarantee that national industry will not be transferred to the control of foreign investors is bewildering. The question arises: In what way will

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the investment resources be mobilized that are so necessary to the structural restructuring of the economy? You cannot buy new equipment with vouchers and, therefore, the ability to attract foreign investors is vitally necessary.

The National Depository System (NDS) set forth in the program, which is being proclaimed a guarantor of the interests of the people, and which is being created for the purpose of full control over the register of shares of stock, together with a 20 percent restriction for physical and juridical persons in the purchase of shares of stock of one or another enterprise, could become another obstacle on the path to the flow of investments. This kind of situation will not become an obstacle for shady structures (it can be bypassed at least with the help of figureheads, or by means of elementary bribery, considering that we live in Azerbaijan), and it will only frighten off serious foreign investors. The very bureaucratic procedure of privatization also does not promote the creation of a favorable investment climate.

The problem of the bankruptcy of enterprises with a subsequent sanation procedure has not been solved in the program. Under conditions when more than half of the industrial enterprises are actually bankrupt, this is very important. Finally, if the government is calculating to improve its financial situation by means of privatization, then the large number of different kinds of privileges in the acquisition of state property is perplexing.

The poorly developed system of social protection of the population during privatization can also be cited among the shortcomings of the program. Undoubtedly, the positive side of this program, in our opinion, is, perhaps, the very fact of its development and ratification, which shows the aspiration of the government to implement quick structural reorganizations in the economy. The path of the sale of property, even though it is not insured against failures, is nonetheless oriented on an acceptable distribution of state property. Therefore, the introduction of corrections that take into account the realities of today's life, the orientation on providing enough propaganda on the purposes and tasks of privatization, and its consultative-methodical support, will help move the process from dead center and will serve as a sufficient incentive for the consolidation of the sensible part of the electorate around the resolution of the key task of the reforms being carried out.

Police Official Discusses Organized Crime Threat

954F3239A Baku ZERKALO in Russian 19 Aug 95 No 30, pp 1, 5

[Interview with Lieutenant Colonel Madat Kuliyev, chief of the Fight Against Criminal Rackets Department of the Directorate for the Fight Against Organized Crime of the Ministry of Internal Affairs, by ZERKALO correspondent B. Zakirov; place and date not given: "'Criminal Rackets, Undoubtedly, Will Grow,' Believes Lieutenant Madat Kuliyev, Chief of the Fight Against Criminal Rackets Department"]

[FBIS Translated Text] A year ago, in August of 1994, the Directorate for the Fight Against Organized Crime was established in the Ministry of Internal Affairs. The directorate consists of departments to fight against criminal rackets, gangsterism and terrorism, and corruption, and an investigative department. Departments to fight against organized crime exist in all of the large cities of the country. Senior inspectors and inspectors who are directly subordinate to the directorate work in all rayons. Lieutenant Madat Kuliyev, chief of the Fight Against Criminal Rackets Department, replies to the questions of a ZERKALO correspondent.

[Zakirov] The criminal racket is the number one subject in Russia and some other republics of the former USSR. Is this an urgent problem for Azerbaijan?

[Kuliyev] At today's stage of development of society, this type of crime is rather urgent—in connection with the development of commercial structures.

[Zakirov] And how dynamically is it developing?

[Kuliyev] I can say with respect to the dynamics of its development that the situation is stabilized for the time being, but this is not for long. The criminal racket, unquestionably, will grow.

[Zakirov] What is the mechanism of a criminal racket?

[Kuliyev] The mechanism is rather elementary and well known, in my opinion, to everyone. "Tough-looking guys" come to some commercial structure—a store, restaurant, bank—and declare that the proprietor must pay them a certain monthly bribe for so-called "protection"; otherwise, he will be very sorry that he went into business at all. There were those who refused to pay, but there are few of them. The overwhelming majority, unfortunately, pay.

[Zakirov] And what are the "rates"?

[Kuliyev] The "rates" depend on the profitability and scale of the enterprise. On the average from $500 to $5,000 monthly.

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[Zakirov] Have there been cases of a racket being directed against foreign companies, joint-stock enterprises, and state enterprises?

[Kuliyev] Possibly there have been, but we have not been informed. And, indeed, the criminals themselves prefer not to get tied up with foreigners—they have quite enough income from local enterprises.... Those most exposed to the rackets are those commercial structures whose activity is very questionable. We have no information regarding rackets directed against state enterprises.

[Zakirov] Are rackets and kidnapping of an organized nature? Is there a single center that manages these criminals?

[Kuliyev] There are several groups that have divided Azerbaijan into "spheres of influence" and that control certain "sectors of work." Showdowns between them occur extremely rarely because each group knows the clearly defined borders; they do not cross them, and they "respect the work of a neighbor." But there also are exceptions, of course.

[Zakirov] Do groups from the near abroad also participate in criminal activity on the territory of Azerbaijan?

[Kuliyev] Unfortunately, yes. In contrast to politicians, for the criminal world the principle of division according to a national and state-territorial criterion does not exist. They have a "strong friendship" with criminals of the CIS countries. The mafia is international: Where money jingles, weapons are silent. They meet in the central cities of Russia, they arrange banquets and conferences, and they discuss criminal activity questions. You know, I sometimes arrive at the thought that it is also possible to learn something from the mafia—in particular, internationalism in the full sense of this word.

[Zakirov] Are you fighting only against racketeers?

[Kuliyev] Our department works with all especially dangerous crimes—racketeering, gangsterism, and kidnapping. With the last, even more than with racketeering. Kidnapping has become widespread at the present time. In particular, this is associated with the fact that many have begun to give money at interest to those who subsequently go bankrupt in business, or who simply do not repay a debt. But the sums that accumulate in interest are huge. It is then that the creditors begin to "beat out" their money by all possible methods: For example, they can steal a debtor's child and not return it until they get what is due them. Therefore, taking this opportunity, I want to address all citizens engaged in business with an appeal not to give and not to take money at interest. As a rule, nothing good comes of this.

[Zakirov] And do people turn to you frequently with requests for protection?

[Kuliyev] Rather frequently. In particular, a 21-year old lad was kidnapped several months ago. The kidnappers demanded $300,000 from his family. When we started our investigation, a month and a half had already passed from the time of his kidnapping. We were able to find the lad through our channels and to return him to his parents. In July alone, there were three kidnapping cases. We were able to conduct operational-search measures at a rather high professional level, and the criminals were arrested. An investigation is being conducted. On 15 August we carried out an operation to eliminate the powerful criminal group of a certain Ruslan Gasymov. This group controlled all the rackets in Sumgait and even in several rayons of Baku. During the effort to arrest them, the criminals employed armed resistance, but they were annihilated.

[Zakirov] There are cases when the parents and relatives of kidnap victims are afraid to turn to the police, because they are threatened in such an instance with the murder of the kidnap victims....

[Kuliyev] Yes, this happens very often, and this constitutes the main difficulty of our work. But I want to appeal through your newspaper to all of those who end up in such a situation: In the event of the kidnapping of your child or relative, come to us immediately. The time factor plays a tremendous role. The sooner we initiate operational measures, the better the chances are that everything will end happily. It is not worth making a deal with the criminals; otherwise, they will sense their impunity and will continue kidnapping. We have a rather high degree of success in solving crimes of this nature.

[Zakirov] As far as I know, the Criminal Code of the Azerbaijan Republic does not have a special article on kidnapping. And those articles under which this crime falls stipulate ridiculous sentencing terms—two years. But, after all, for example, in the United States kidnapping is considered one of the most serious crimes—on a level with murder and rape—and it is punished right up to life imprisonment....

[Kuliyev] Yes, unfortunately, the imperfection of the laws interferes with our work very much. I believe that for an effective fight against organized crime the Milli Mejlis [National Assembly] must first of all pass a law on the police, in order to give the police a proper status. But for the time being our work relies on the old Union law on the militia. But this means that when we initiate an operation (and this can be at 0200 hours) witnesses must absolutely be present. But in the aforementioned United States, to refute the word of a policeman, the statements of six civilians are required, according to the

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law. That is, the status of the policeman is raised to a great height.

[Zakirov] But, possibly, the police themselves are sometimes to blame for the fact that they are distrusted?

[Kuliyev] Of course, there are dishonest people on the police force itself, and there are those who do not have enough training and professionalism. But there are also very many honest and respectable employees who work with total dedication. There are far more of them than dishonest ones, and those who are simply corrupt are always present. The MVD [Ministry of Internal Affairs] leadership has been employing decisive measures of late to cleanse our ranks.

[Zakirov] You have difficult and dangerous work; how does it pay?

[Kuliyev] I leave my home each day as if going to war. But our earnings are rather high for the republic, although those against whom we fight are paid far better, and, indeed, their equipment is more expensive. In order to be able to successfully confront crime, the police also need to be supported materially and morally. However, taking the present economic situation of the republic into account, not much is being done for the police.

[Zakirov] What is your technical equipment like?

[Kuliyev] A pistol, an assault rifle, a walkie-talkie, and a bulletproof vest.

[Zakirov] And listening devices?

[Kuliyev] This is forbidden by the Constitution. We must defend the law, without violating it one iota. We must receive the approval of the Procuracy to bug the telephone of suspects.

[Zakirov] Do you have contacts with colleagues from Russia, or from the other CIS republics?

[Kuliyev] All contacts with the police of CIS countries are conducted by the Azerbaijani MVD leadership through its authorized representative, who is located in Moscow in a coordinating headquarters. But I also have many personal friends in the police forces of Lithuania, Latvia, Estonia, and in the militia of Russia.

[Zakirov] Various kinds of "private security" firms have appeared recently. Do they also not become beneficial soil for "bringing up" racketeers?

[Kuliyev] We do have this kind of information, and we are now working on it. There are people who finance entire "bodyguard schools." If such bodyguards are directed along a certain path, they can subsequently become a serious threat to the tranquility of citizens. These are all young and strong fellows, former sportsmen, airborne troopers, and even former workers of law enforcement organs. I think that all organizations like this should be strictly monitored by the state.

[Zakirov] The United States has the famous "witness protection" program. Are such witnesses protected in our country, when a serious case is being examined?

[Kuliyev] We guarantee the protection of our witnesses. In my 13 years of work in the law enforcement organs, nothing has happened with my witnesses.

[Zakirov] What did you do before you were appointed chief of the department to fight criminal rackets?

[Kuliyev] I went through the entire path of a worker in criminal investigation—operations employee, senior operations employee, section chief, deputy chief of the department to fight gangsterism and terrorism, deputy chief of the criminal investigations department, chief of the department to fight gangsterism and terrorism of Gyandzha. I am a deputy of the city soviet of Gyandzha, an expert in the sport of judo, an expert in the sport of karate, and I fire from all types of arms, which I practice every day. I do all of this in order to have the capability to fight crime in the way that I want to. I am 36 years of age, not married, I have a great interest in the philosophy of Zen Buddhism and in psychoanalysis. My favorite book is Shakespeare's "Hamlet." I consider this work the height of human thought.

Georgia

Further Reportage, Commentary on Tbilisi Bombing

Shevardnadze Views Secret Service

LD3108135095 Tbilisi SAKINFORM in Russian 1036 GMT 31 Aug 95

[FBIS Translated Text] [No dateline as received] — Answering a straightforward question by a Georgian TV correspondent about the possibility of the involvement of the Georgian Secret Service in the 29 August terrorist act, Georgian Head of State Eduard Shevardnadze said that he highly appreciated the personal features and skill of many of the employees and the leadership of the Security Service. However, in Shevardnadze's opinion, certain discord has certainly been noticeable between the leadership of Georgia and the Security Service lately and this resulted from a visible alliance of the Security Service with radical-bolshevik forces. Shevardnadze refrained from accusations against the Security Service or any of its employees, expressing confidence that investigation would reveal actual perpetrators.

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Ioseliani Aide Arrested

LD3108143095 Moscow Russian Television Network in Russian 1300 GMT 31 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Following a search of the parliament building in Tbilisi and the consent of the Corps of Deputies, Aleksandr Bochorishvili, aide to Jaba Ioseliani, a Georgian parliamentary deputy, was arrested today. As RIA Novosti reports, during the search — which was carried out in connection with the attempt on the life of Georgian head of state Eduard Shevardnadze — several weapons, a large sum of Western currency, and a large quantity of drugs were found in Ioseliani's office.

Ioseliani Denies Involvement

LD3108162795 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 31 Aug

[FBIS Translated Text] In Georgia, investigations continue into the attempt to assassinate Eduard Shevardnadze. According to one scenario, the Mkhedrioni organization was involved in this terrorist act. Investigators found a large amount of weaponry in the parliamentary offices of the organization's leader, member of parliament Jaba Ioseliani. Shevardnadze himself believes this scenario. Our correspondent Vladimir Varfolomeyev reports from Tbilisi:

[Varfolomeyev] Jaba Ioseliani, Mkhedrioni leader and Georgian member of parliament, categorically denies all allegations against him. In an interview with Ekho Moskvy, he said his reaction to Shevardnadze's comments was one of incomprehension. He added that when such assumptions are voiced by the head of state they sound like de facto charges.

Jaba Ioseliani said he does not consider Shevardnadze to be an enemy. Not only that, but in certain circumstances he would be willing to renew his alliance with Shevardnadze. Speaking to Ekho Moskvy, the Mkhedrioni leader said he does not intend to stand in the forthcoming presidential elections against the present leader of the republic, and he is willing to content himself with a humble parliamentary mandate.

But it seems that the authorities do not believe Ioseliani's words of peace. His offices at the parliament building were searched and, informed sources say, the police found something.

One of the Mkhedrioni leader's closest aides, Aleksandr Bochorishvili, was arrested this evening. He, incidentally, used to have the title of Georgian main adviser of state. According to some reports, a new search is now underway inside the parliament building. Tbilisi is calm on the surface, but the pitched and sometimes bloody political battle at the highest levels of power in Georgia continues.

Ioseliani Refutes Confiscation

LD3108195195 Moscow NTV in Russian 1800 GMT 31 Aug 95

[FBIS Translated Text] Georgian Prosecutor-General Jamlet Babilashvili, who is heading the investigation into the attack on the head of state, today reported that 10 employees of the government guard had been arrested for negligence and for the fact that a car packed with explosives was found in parliament's courtyard. The law enforcement bodies have searched those rooms in parliament used by Jaba Ioseliani and his guard. Weapons, grenades, ammunition, and drugs were confiscated, but Jaba Ioseliani himself thinks:

[Begin Ioseliani recording] Nothing was discovered there. What was there were my personal weapons, one pistol, and I have souvenirs there too, and 150 ampoules of morphine, its more soothing, and there was codeine there, approximately 60 tablets. It — I should also have more, I should have a kilogram as I am chairman of the Rescue Corps. [end recording]

Fourteen thousand U.S. dollars, four pistols and ammunition were confiscated from the parliamentary office of Aleksandr Bochorishvili, who presents himself as a deputy to Jaba Ioseliani. Bochorishvili was arrested, but Jaba Ioseliani said about him personally:

[Begin Ioseliani recording] He's not my aide, he's Shevardnadze's chief adviser, I'll repeat it again, the chief state adviser to Shevardnadze. He's just a fan, he's a Mkhedrion. [end recording]

Meanwhile, Shevardnadze's close entourage actively speaks against Ioseliani and Igor Giorgadze, the chairman of the Security Service. Tomorrow there will be a parliamentary session which, according to preliminary information, will resolve personnel issues in the Security Service, an organization under the control of parliament.

Aides Explain Arms, Drugs Find

LD3108132095 Tbilisi IPRINDA in Russian 1230 GMT 31 Aug 95

[FBIS Translated Text] Tbilisi, 31 Aug — Employees of the Georgian Prosecutor's Office found and confiscated a large amount of arms inside the Georgian Parliament building last night. An IPRINDA correspondent was told at the press center of the Georgian Prosecutor's Office that the confiscated arms and ammunition (including automatic firearms and grenades) were found in

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the so-called Jaba Ioseliani block, that is, in the rooms adjacent to his office, where his assistants, bodyguards, and other people are accommodated. Large quantities of narcotic drugs (morphine and codeine) were also found in these rooms.

The IPRINDA correspondent has learned from well-informed sources that the law-enforcement bodies removed 28 submachine guns, four pistols, 150 ampoules of morphine, 500 pills of codeine, 30 million rubles, and 800 pounds sterling.

Dodo Gugeshashvili, deputy chairman of the Rescue Corps [formerly the Mkhedrioni paramilitary organization], and Tamaz Panchulidze, Jaba Ioseliani's chief bodyguard, said in an interview with the IPRINDA correspondent that arms mentioned by the prosecutor's office were registered at the government's guard. As for the narcotic drugs and painkillers, they belonged to the Rescue Corps hospital and were stored in the parliament building for better protection because the hospital has been raided several times by people trying to steal drugs. As to the money found there, the interviewees said that it was collected to help the families of killed members of the Mkhedrioni and to bring to order their graves.

Police Reportedly Arrest 11 Guards

LD3108151495 Tbilisi IPRINDA in Russian 1345 GMT 31 Aug 95

[FBIS Translated Excerpt] Tbilisi, 31 Aug — According to a report received by an IPRINDA correspondent at the Georgian Prosecutor General's office, in connection with an explosion that occurred within the territory of the parliament building on 29 August, the law enforcement bodies have arrested 11 members of the government guard service — because of whose carelessness perpetrators managed to drive a Niva car into the area. [passage omitted]

Interior Minister on 'Terrorist Act'

LD0109140795 Moscow INTERFAX in English 1324 GMT 1 Sep 95

[FBIS Transcribed Text] TBILISI, Sept 1 (INTERFAX) — In the opinion of Georgian Interior Minister Shota Kviraia, the terrorist act of August 29 in Tbilisi, aimed against state head Eduard Shevardnadze, was an attempt to begin a coup.

The Minister told INTERFAX that "the investigation of the attempt upon the state head's life is being carried out by the best specialists. They already have some information, but it is premature to make it public." In his words, the organizers of the terrorist act will face the court pretty soon.

Despite all measures taken by the Georgian "power" structures against the mafia, the crime situation cannot so far be described as satisfactory, said the Minister.

At the same time, hundreds of crime groups were detained by the police in the past year and a half. A total of three helicopters, four tanks, 27 APCs, 242 grenade-launchers and mortars, 12 artillery launchers, 56 machine-guns, up to 3,000 Tommy-guns, over 2,000 pistols and other types of armaments were confiscated from them.

Several days ago the police detained a crime group involved in the murder of leader of the Georgian opposition National-Democratic Party Georgiy Charturia in December 1994.

"Unfortunately, I cannot say more about the terrorist group in the interests of the investigation," said Kviraia.

Abkhazia Talks Unaffected by Bombing

MM3108122695 Moscow IZVESTIYA in Russian 31 Aug 95 p 3

[Article by Konstantin Eggert: "Georgia and Abkhazia Fail To Leap at Idea of Federalism"]

[FBIS Translated Text] The quadripartite talks on the settlement of the conflict in Abkhazia, which began in Moscow on Wednesday, marked an important event: The Georgian delegation proposed a discussion of the question of actually granting Abkhazia wide-ranging political autonomy as part of a single federal state.

The attempted assassination of Eduard Shevardnadze on Tuesday did not change the timetable for the Moscow meeting, although it prevented the ceremonial signing of the document that effectively made Tbilisi's new proposals possible — the Georgian constitution. There is no chapter in the basic law on the territorial administrative system and local self-government. Parliament decided to discuss it after the reestablishment of Georgian jurisdiction over the entire territory of the republic.

Shevardnadze will champion the idea of a federal system for the country. It is a difficult decision: The notion of Georgia as a single state has deep historical roots among his fellow citizens and talk of federalism makes them fearful of local separatism.

Abkhazia has rejected any talk of federalism in advance. Its leader, Vladislav Ardzinba, believes: The only possible option is the creation of a confederal state "based on equality of the two international legal entities." The leaders of the self-proclaimed state never cease to claim that that a federal system for Georgia could have been discussed before the armed conflict started, although

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even then they agreed to hold talks only on the basis of "equality of the sides."

It remains very important for Ardzinba and his people that Georgian refugees should not be allowed to return to Abkhazia. They say they are in favor of it, but repatriation is in fact hedged about by conditions intended to maintain the demographic balance the current Abkhaz regime wants. Ardzinba leaves open the path to a referendum, in which most inhabitants of the former autonomous republic of the Georgian SSR [Soviet Socialist Republic] would favor joining Russia.

Moscow's position remains crucial here. In private conversations Russian diplomats are highly critical of Abkhaz politicians. "They are simply sabotaging the peace process and in a none too subtle way," one Russian Foreign Ministry export told IZVESTIYA. But officially Smolenskaya Square is in no hurry to gag Ardzinba, since it is forever trying to detect flaws in Tbilisi's behavior as well. According to specialists at the IZVESTIYA Analysis Center, the "Abkhaz lobby" wields considerable influence in the Russian capital, above all among the military top brass, based on not only the strategic military but also the financial and economic interests of some Russian generals in that region.

The consultations on the eve of the talks between Eduard Brunner and Aleksey Bolshakov, representatives of the UN secretary general and the Russian president, judging by the final statement, did not prompt any change in the Abkhaz side's position. "I would not use the word pressure, but we did try to persuade them to accommodate the Georgian proposals," an informed Russian diplomat cautiously observed.

The indications are that the quadripartite talks in Moscow, which are due to continue on Thursday, are unlikely to alter the situation significantly.

Turkish Prime Minister Ciller Signs Agreements

LD3108173695 Tbilisi IPRINDA in Russian 1345 GMT 31 Aug 95

[FBIS Translated Text] Tbilisi, 31 Aug — A Turkish Government delegation led by Prime Minister Tansu Ciller arrived in Tbilisi today on a one-day official visit. In his traditional radio interview on 28 August, the Georgian head of state spoke about the significance of the forthcoming visit and the importance of the agreements to be signed during the visit for both Georgia and Turkey.

An IPRINDA correspondent reports that the Turkish delegation consists of over 100 members. Intense work started immediately after the arrival of the delegation. Meetings between representatives of various ministries and departments were held.

Georgian head of state Eduard Shevardnadze and Turkish Prime Minister Tansu Ciller held a closed meeting. Later, the meeting was joined by other officials. The meeting was followed by a ceremony at which many agreements were signed in the economic sphere, including a memorandum on cooperation between the governments of Turkey and Georgia, agreements on free trade, creation of a free trade zone, and restructuring Georgia's debts. A bilateral communique was also signed.

UN Vehicles Stolen in Gali District, Abkhazia

LD3108143295 Tbilisi SAKINFORM in Russian 1036 GMT 31 Aug 95

[FBIS Translated Text] [No dateline as received] — According to reports from Gali [Abkhazia], two vehicles belonging to UN military observers have been plundered in the Gali district village of Gudava. The Abkhaz police accuses local ethnic Georgian residents of the robbery. Several civilians have been arrested.

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Estonia

Polish Defense Minister Arrives in Tallinn

WS3108110795 Tallinn ETA in English 0748 GMT 31 Aug 95

[From Aug 31 EESTI SONUMID, EESTI PAEVALEHT, p 3; "News Bulletin" No. 172/95]

[FBIS Transcribed Text] Polish Defence Minister Zbigniew Wojciech Okonski arrived for a two-day visit to Tallinn yesterday. The main attention will be paid to the expansion of NATO and defence cooperation between the two countries, Defence Minister Andrus Oovel said. Poland is likely to become one of the first countries to be admitted to NATO and Estonia is interested in Polish support. Other issues concern cooperation with Poland. This sphere was discussed already during the visit of Polish Armed Forces Commander General Tadeusz Wilecki in July.

Zbigniew Okonski visited the minesweeper "Sulev" and the Tallinn Mine Harbour naval base. He also met parliamentary defence commission chairman Peeter Lorents and foreign affairs commission vice-chairwoman Andra Veidemann. Lorents announced that the Polish defence minister had offered Estonian officers an opportunity to study in Poland. They also discussed economic issues and possible cooperation between Poland's and Estonia's defence industries.

Minister Okonski also visited the museum of General Laidoner, the Laane-Viru unit of Defence League in Rakvere and the Palmse Manor.

Signs Cooperation Accord

LD3108142395 Tallinn Radio Tallinn Network in Estonian 1200 GMT 31 Aug 95

[FBIS Translated Text] Polish Defense Minister Zbigniew Okonski and Estonian Defense Minister Andrus Oovel signed a cooperation agreement between the Defense Ministries of the two states today. Eerik Samel reports:

[Samel] The agreement stipulates, among other things, a dialogue on defense concepts, exchange of experience on main and additional military training, and also cooperation in the training of servicemen. The Polish defense minister said this agreement of a general nature would have to be extended by specific agreements in specific areas.

According to Defense Minister Andrus Oovel, today's talks were even more successful than expected.

[Begin Oovel recording] We agreed on the lists of the contact persons who are going to coordinate future cooperation between the ministries. We reached a general agreement on the possibility that the divisions of the Estonian defense troops would take part in bilateral and multilateral exercises within the framework of the Partnership for Peace program, that we will arrange contacts between individual divisions, and that we will exchange information about the progress made in the process.

Speaking about alignment, we reached the conclusion that the process of NATO expansion must be defined by a concrete action plan. The expansion cannot be a political declaration, but first of all a clearly defined plan. And given the current situation in Europe, the Estonian side, provided such a concrete action plan does exist, will support the statement of the Czech defense minister according to which Poland could be the first state to join NATO as a full member. [end recording]

According to Okonski, with regard to membership negotiations with NATO, Poland is at the same stage as other states wanting to join it:

[Begin Okonski recording in Polish with superimposed Estonian translation] Poland is currently working within the framework of the Partnership for Peace program. [end recording]

According to Okonski, this program has to be completed in one way or another and only then can the possibility of Poland joining NATO be discussed. Currently, the criteria for accepting new members into NATO are not known.

Meets President Meri on NATO

WS0109112795 Tallinn Ministry of Foreign Affairs Press Release in English 1833 GMT 31 Aug 95

["President Lennart Meri's Statement on the State of NATO"]

[FBIS Transcribed Text] Estonia and Poland met today in the form of a meeting between Estonia's President Lennart Meri and Polish Defence Minister Zbigniew Wojciech Okonski. They agreed once again that European security is indivisible, but that the question is historically (given the situation in Russia) determined to be speedy by nature.

The qualifications for membership must be determined on an individual basis. Who is ready, is ready, who is not, must work towards readiness.

Healthy competition is positive by nature, which means that all states that are ready to become members are also willing to promote those who are also ripe. The question here is teamwork which, by nature, is the catch phrase of NATO involvement.

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It seems only natural that those states that are interested in teamwork and helping others are those first in line with becoming future NATO members.

The strength of NATO stands not in its power to persuade others of alien ideas, but rather in its power to convince others of the need for co-operative action. "A cold war costs more than a cold peace," says President Meri. "That's why Estonia and Poland, due to their common tragic past, are equally interested in creating a security system embracing our common values — democracy, independence and the rule of law."

Meri Urges Baltic Cooperation, Reintegration

WS3108145495 Tallinn Ministry of Foreign Affairs Press Release in English 1142 GMT 31 Aug 95

[Statement By President Lennart Meri upon receiving the credentials of the new Latvian ambassador in Kadriorus on 31 August]

[FBIS Transcibed Text] It is with great pleasure that I have accepted the credentials of the new Ambassador of our closest neighbour, Ambassador Andris Piebalgs. The appointment comes at an important time for Estonian-Latvian relations and for the Baltic states as a whole. Next week I will meet with my Latvian and Lithuanian counterparts, President Ulmanis and President Brazauskas, as part of the continuing summitry of Baltic Presidents. Foreign Minister Riivo Sinijarv's meeting with the Baltic and Nordic Foreign Ministers is a prelude to the coming meeting of the Baltic Council. It is an important time for the Baltic states, as the progress made in Baltic co-operation must now enter a new stage. As small states the context of world affairs made us come together to achieve common aims, namely the withdrawal of foreign troops from our soil and the goal of rejoining the West.

The Soviet system was one of divide and conquer, where differences were accentuated and loyalty was not to neighbours but to the centre of the system. In some areas, notably the Balkans, accentuating differences resulted in outright animosity. In others, fortunately the Baltics, this allowed us to retain elements our culture and language throughout occupation.

Today, our differences remain, but a common groundwork and language is laid. We now must unite not against a common enemy but even more for a common purpose. With our Europe Agreements with the EU the path is set for rejoining the West — now is the time to rejoin ourselves.

The majority of the world perceives our region, the Baltics, as a unit. Now is the time not to compete and clamour for the West's attention, but to show what we have to offer together. Our Free Trade Area offers a vibrant consumer market and advantageous location for investment for the rest of the world.

The coming summit will concentrate on furthering co-operation with the aim of improving areas in which we can serve the Baltic people. By strengthening our ties, we strengthen our individual states. When this strength is realized by the West, and the world, the question will be not, "What do the Baltics want from the world?" but, "What do the Baltics have to offer the world?"

Latvia

Parliament Ratifies EU Association Agreement

WS3108142195 Tallinn BNS in English 1300 GMT 31 Aug 95

[FBIS Transcribed Text] Riga, Aug 31, BNS — The Latvian legislature ratified Thursday [31 August] the associate membership agreement with the European Union.

The agreement was signed June 12. It still has to be ratified by the parliaments of all 15 EU countries that have the right to vote in this trade bloc.

Under the agreement, a free trade area will be gradually formed between Latvia and the EU countries with a view to embrace practically all trade in the future.

The associate status is also tailored to support Latvia's efforts to develop its economy and complete transition to a market economy.

Latvia's associate membership period will be over by the end of 1999 as the latest, under the agreement.

The Latvian government views integration into the EU as a key foreign political task.

Gailis Comments on Agreement

LD3108200295 Riga Radio Riga Network in Latvian 1300 GMT 31 Aug 95

[FBIS Translated Excerpt] The Saeima today ratified Latvia's association agreement with the European Union. [passage omitted] Prime Minister Maris Gailis comments on the agreement:

[Begin Gailis recording] It is very symbolic that the ratification took place precisely one year after what seems to me the most serious event, the most serious achievement of last year — the withdrawal of the Russian Army from Latvia. Today, the Saeima, in its second and final reading, ratified the European agreement. It is an agreement of association, or the European agreement. It is the beginning of a stage

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of relations of a new quality between Latvia and the European Union. I want to reemphasize that it was a quite objective necessity, the signing of such an agreement, because only in this way can we ensure the security of Latvia as an independent sovereign state. It has been said many times that it is not possible to be neutral into today's circumstances: It is possible only to be in the eastern bloc — the CIS bloc — or the European Union. It must be said that thanks to the active and professional work of the Foreign Ministry, and of course to the coincidence of several circumstances, to a great desire and wish on the part of the government, that this agreement of association has been achieved — compared with other central and eastern European countries — in a very short time. [end recording]

Foreign Minister on Results of Nordic Conference

LD3108170095 Riga Radio Riga Network in Latvian 1300 GMT 31 Aug 95

[FBIS Translated Text] Latvian Foreign Minister Valdis Birkavs returned from Denmark today. As is known, a conference of the foreign ministers of Nordic and Baltic states was held in the Danish town of Kolding.

Immediately after his return to Riga, Valdis Birkavs held a news conference at which he told the audience about the results of the talks.

[Begin Birkavs recording] I signed this morning an agreement on mutual assistance in the sphere of customs with the Danish taxation minister. Yesterday, we also signed, at last, a free trade agreement with Iceland, which for the most part regulates fishing and gives our goods the opportunity to enter the Icelandic market. I also signed a protocol with the Swedish foreign minister. In connection with the fact that Sweden now is a full member of the European Union, we founded a protocol on setting up a Swedish-Latvian economic committee.

With the Lithuanian foreign minister, we discussed cooperation within the framework Five Plus Three. We discussed the issue of the management of a crisis, because we submitted our view on this problem — how we, the three Baltic states, can tackle it together within the framework of Partnership for Peace.

Talks about further consular cooperation were also very productive. [end recording]

As Valdis Birkavs said at the news conference, the issue of NATO enlargement was not included separately on the agenda of the conference. The debate brought about by statements by German Defense Minister Volker Ruehe and the foreign press about the Baltic states' chances of joining NATO was discussed only privately. During the meeting, the Latvian foreign minister also made a report about security aspects in the region of the Baltic and Nordic states.

Trade Agreement With Iceland Signed

WS3108144795 Riga LETA in English 1137 GMT 31 Aug 95

[FBIS Transcribed Text] Riga, August 31 LETA — On Wednesday, August 3O, at the meeting of the ministers of foreign affairs of the Nordic and Baltic nations in Denmark, Latvia and Iceland signed a free trade agreement. With the signing of this document Latvia now has free trade agreements with all the nations of Europe.

The State Minister of EU Affairs, Olgerts Pavlovskis, informed LETA that a free trade agreement between Latvia and the nations of the EU has been in effect since January 1 of this year, but Iceland has not yet joined the EU. Because Latvia's economy is in a period of transition, the trade agreement with the EU gives Latvia certain privileges during the next three years. Latvia's exports may enter the EU nations with minimal customs duties, and Latvia has the option of imposing customs duties to protect domestic production. Latvian exporters are already utilizing the special quotas granted for the export of dairy product and textiles to the EU. Starting September 1, certification of products for export and the granting of licenses will be handled by one agency — the Unified Standards Center of Latvia.

Lithuania

President Supports Balkan Meeting in Kiev

LD3108230495 Moscow INTERFAX in English 2043 GMT 31 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] VILNIUS, Aug 31 (INTERFAX-Ukraine) — Lithuanian President Algirdas Brazauskas is supporting the initiative to hold a meeting of the Serb, Croatian and Bosnian presidents in Kiev put forward by his Ukrainian counterpart, Leonid Kuchma.

Answering an INTERFAX-Ukraine question in Vilnius Thursday, Brazauskas said: "We are all interested in the resolution of these conflicts. It is equally important for all of us."

According to Brazauskas, he would "warmly support" other initiatives similar to Kuchma's proposal.

Brazauskas met a Ukrainian delegation headed by the head of presidential administration, Dmitriy Tabachnik,

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in Vilnius Thursday. During its three-day stay in the Lithuanian capital, the delegation will meet the prime minister, foreign minister, transport minister and visit the seaport of Klaipeda.

Asked about the priorities of the Ukrainian-Lithuanian relations, Brazauskas underlined that one of the main priorities was "cooperation in international institutions." This is a guarantee of the security and calm of our states," he said.

Government Criticized For Not Seeking Compensation

WS0109103395 Tallinn BNS in English 1900 GMT 31 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 31, BNS — Lithuanian parliamentary opposition leader Vytautas Landsbergis accused the country's administration of cowardice for failing to demand from Russia compensation for damages caused by the occupation.

"I haven't noticed that the government of Lithuania has even mentioned the topic of compensation for damages at any international meetings," Landsbergis said in an interview with the daily LIETUVOS RYTAS.

Prime Minister Adolfas Slezevicius, however, stated at a press conference on Thursday [31 August] that intensive efforts were being made to find ways to receive compensation for damage done to Lithuania.

Various issues — "ranging from the environment to losses suffered by individuals and unpaid work in Siberia" — would have to be evaluated. These issues could not be resolved on a short-term basis, he stressed.

He also recalled that a special commission, formed in April to deal with compensation for damages, was working intensively.

Political discussion of damage caused to Lithuania during the occupation have flared up again on the occasion of the second anniversary of the withdrawal of Russian troops. The last Russian troops left Lithuania on August 31, 1993.

The dimensions of damages caused to Lithuania by the occupation have not yet been estimated in monetary terms, but a figure cited by the press two years ago during negotiations with Russia was 146 billion USD.

In an interview with the daily DIENA on Thursday, Povilas Gylys, foreign minister, said that officially Lithuania had never demanded such a sum.

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